

Swan Life Ltd

31 May 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Issuer Rating	Not Applicable	CARE MAU AA+ (Is); Stable [Double A Plus (Issuer); Outlook: Stable]	Assigned

Rating Rationale

The Issuer rating assigned to Swan Life Ltd ("Swan Life"), derives strength from the company being part of the Swan Group - Swan General Ltd (leading general insurance company in Mauritius and holding company of the Group) holds 82.7% stake in Swan Life, successful track record of the life insurance activities in Mauritius extending over 70 years, leading position in the Mauritian life insurance sector with around 45% market share on a Gross Premium Written basis, a highly professional & experienced management team, and satisfactory history of meeting claims. The rating also factors in the Company's robust and well diversified investment portfolio, low levels of non-performing loans in its mortgage portfolio, highly comfortable asset-liability maturity profile combined with a strong solvency position well above regulatory requirements further support the strength of Swan Life

The rating is however constrained by few product offerings having negative impact on the bottom-line and probable impact of an ageing population of Mauritius weighing on the company's performance in the long term. Further, CRAF factors Swan Life's investment in the group companies of Swan General's major shareholders which is well within the Regulatory concentration limit.

Rating Sensitivities:

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Stable or decline in investment in Swan General's shareholder's group companies over next 2 years
- Improvement in overall premium collections and profitability

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Dip in solvency ratio to 3.0x or below as against 6.3x as on December 31, 2022
- Weakening of profitability, capitalization, investment portfolio and solvency levels.
- Increase in gearing level above 3x.

BACKGROUND

Established in 1855, SWAN group is the leading insurance & financial solutions provider of Mauritius. Swan General, main holding company of the group was formed in 1855 as The Mauritius Fire Insurance Company Ltd. and was then merged with Colonial Fire Insurance Company Limited in 1955, to become Swan Insurance Company Limited. The company is engaged in providing general insurance.

¹Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

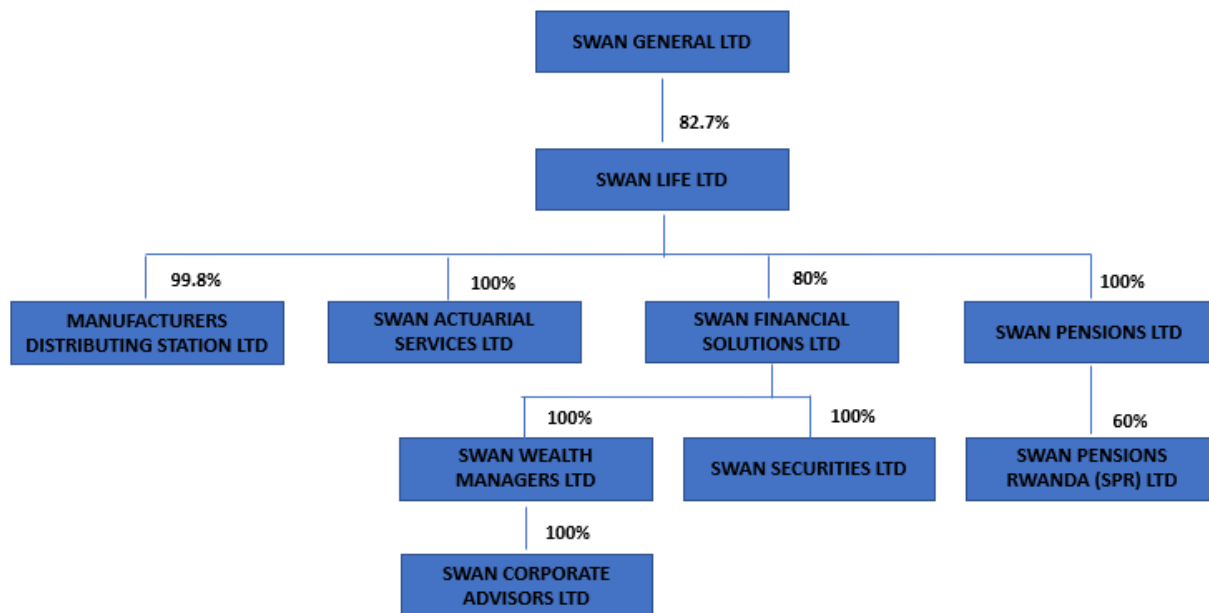
Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

In 1951, there was the creation of The Anglo Mauritius Assurance Society Limited which provided life assurance policies for individuals and the management of pension funds for corporates.

In 1972, Swan Insurance Company Limited acquired a majority stake in the Anglo Mauritius Assurance Society Limited. In 2000, Swan Insurance amalgamated its activities with CIM Insurance while the Anglo Mauritius Assurance Society Limited merged with CIM Life and at the same time acquired the stockbroking and asset management businesses of the Rogers Group.

Since April 30, 2015, all the companies and products of Swan Group are united under a single brand SWAN. Swan Insurance Company Ltd. was renamed as Swan General Ltd. and The Anglo-Mauritius Assurance Society Ltd. was renamed as Swan Life Ltd. The chart below illustrates Swan's Group structure:



Swan Life which is an 82.7% subsidiary of Swan General, is listed on the Stock Exchange of Mauritius and had a market capitalization of MUR 3,948 million at March 24, 2023.

Swan Life provides life insurance policies and pensions, actuarial and investment advisory services through its subsidiaries namely, Swan Pensions Ltd, Swan Wealth Managers Ltd, Swan Securities Ltd and Swan Actuarial Services Ltd. The table summarizes the financial performance of Swan Life and its subsidiaries.

Companies [FY21]	Stake (%)	Revenue	PAT	Total debt	TNW	Overall Gearing
MUR Million						
Swan Life Ltd (Standalone)		7,792	429	-	1,818	N. A
<i>Subsidiaries</i>						
Swan Wealth Managers Ltd	100%	295	269	-	642	N. A
Swan Financial Solutions Ltd	80%	78	71	-	580	N. A

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Companies [FY21]	Stake (%)	Revenue	PAT	Total debt	TNW	Overall Gearing
		MUR Million				
Swan Pensions Ltd	100%	69	17	-	-	
Swan Securities Ltd	100%	25	9	-	80	N. A
Swan Actuarial Services Ltd	100%	9	3	-	4	N. A
Manufacturers' Distributing Station Limited (group)	99.80%	3	2	-	50	N. A
Swan Corporate Advisors Ltd	100%	0.6	0.3	-	1	N. A
Swan Pensions Rwanda (SPR) Ltd	60%	-	-	-	-	
SWAN LIFE LTD – (Consolidated)		8,025	630		2,204	

CREDIT RISK ASSESSMENT

Experienced Management

Swan Life is an 82.7% subsidiary of Swan General., the leading general insurance company in Mauritius with more than 150 years of track record. The main shareholders of Swan General. are Rogers & Co Ltd holding 29.5% stake, Intendance Holding Limited holding 33.5% stake and Excelsior United Development Companies Limited holding 13.6% stake.

Swan Life has investment in the form of debt & equity in the group companies of the main shareholders of Swan General. However, Swan Life adopts a prudent approach to its investment policy by adhering to the Investment Concentration Limit as prescribed by Section 12(2) of the Insurance (Long-Term Insurance Business Solvency) Rules 2007. As at December 31, 2021, investment in these associated companies, constituted less than 10% of the investment portfolio of Swan Life. Swan Life is a professionally managed insurance company which is headed by a 11-member Board under the chairmanship of Mr. Nicolas Maigrot. The day-to-day management of the company is undertaken by the CEO, Mr. Louis Rivalland who is a qualified Actuary from the Faculty and Institute of Actuaries. The board of directors comprises of experienced members like Mr. Nicolas Maigrot, Mr. Henri Harel, Mr. Hector Espitalier-Noel and Mr. Philippe Espitalier-Noel.

Market Share and network - Leading position in the Life Insurance Industry of Mauritius

In 2020, total Gross Premium Written (GPW) for the Life Insurance sector was MUR 10,730 million, with Swan Life alone having underwritten MUR 4,719 million, making the company the leading life insurance provider with a 44.8% market share. In FY21, Swan Life Gross Premium Written was MUR 5,123 million. The company offers insurance only in Mauritius and has a network of 5 branches across the country.

Risk Underwritten

Swan Life has consistently grown its business over the last five years with its GPW increasing on average by 6.3% yearly from FY17 to FY21 with an 8.6% increase in FY21 compared to FY20.

The Company's life insurance segment is categorized into three lines namely, (i) Life (ii) Pension and (iii) Permanent Health and all three types of policies are offered to individuals as well as corporates. The product offerings of the company are further categorized into the conventional non-linked and unit-linked policies which are policies linking payments on the contract to units of investment (unitized) funds set up by the Company with consideration received from contract holders. The liability for such unit-linked contracts is adjusted for all changes in the fair value of the underlying assets. The below tables illustrate the distribution of GPW between unit-linked and non-linked products for Swan Life, as well as total benefits insured:

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Particulars	Unit Linked			Non-Linked			Total GPW
	Life	Pension	Permanent Health	Life	Pension	Permanent Health	
	MUR Million						
FY21	782	1,380	1	1,065	1,880	2	5,111
FY20	694	1,163	4	1,063	1,782	7	4,713
% Contribution							
FY21	15.3%	27.1%	-	20.8%	36.8%	-	100%
FY20	14.7%	24.7%	0.1%	22.6%	37.8%	0.1%	100%

Particulars	FY20	FY21
	MUR Million	
Total benefits Insured	113,902	109,061
Insurance Contract liabilities (Life assurance Funds) as per Actuarial Report	45,084	52,791
Policyholders Investment	46,202	54,242

Pricing Strategy and Adequacy

The Mauritian insurance regulations require the Statutory Actuary to certify that the insurer's premium rates are financially sound. To achieve same, the Statutory Actuary has considered the present value of the expected future profits at the point of sale ('value of new business') for all the actively sold products of the Company during FY21 and found them to be positive.

It is to be noted that given the low interest and discount rates which prevailed during FY21 and based on current premium rates at that time, the annuity, with profit endowment and with profit personal pension products depicted a feeble performance. However, the Statutory Actuary confirmed that, with increasing annuity sales volumes, losses were expected to continue for that line of business. On that basis, the Statutory Actuary followed with a recommendation in its Actuarial Valuation report supporting the management toward adapting the pricing strategy in line with economic circumstances and maintaining a pricing policy in correlation to capital market expectations which would reflect in the performance for the annuity, with profit endowment and with profit personal pension products. For FY21, the Actuary also confirmed that other than annuity, with profit endowment and with profit personal pension products mentioned above, new business product terms for all other classes of business are on average prudentially sound.

Underwriting Expertise

Swan Life adopts a prudent approach while underwriting insurance policies by diversifying the type of insurance risks accepted within each product category to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. These measures have enabled the company to avoid an overconcentration and severe volumes of claims as demonstrated by its claims ratio below which remained controlled at an acceptable level:

For year ended December 31,	FY17	FY18	FY19	FY20	FY21
	MUR Million, except otherwise stated				
Gross Premium Written	4,027	4,395	4,821	4,719	5,123
Underwriting Profit	210	327	101	382	625
Income from Investments	1,607	1,959	2,248	2,490	2,484
PAT	230	394	338	428	466
Claims Ratio (%)	73	75	79	75	70

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

For year ended December 31,	FY17	FY18	FY19	FY20	FY21
	MUR Million, except otherwise stated				
Retention Ratio (%)	96	96	97	96	97
GPW growth (%)	N/A	9	10	(2)	9

Risk Retention

Swan Life has built up a robust technical reserve which at December 31, 2021, amounted to MUR 53,142 million and including a life assurance fund of MUR 52,791 million which is backed by quality investments. This indicates that the company is strong enough to face any instance of unexpectedly high volumes of claims. The robustness of Swan Life is also shown by the amount of risk that the company can afford to retain on its books as illustrated by the retention ratio above. **Over the last five years, Swan Life has ceded not more than 4% of its GPW to reinsurers.**

For FY21 and FY20, Swan Life had its reinsurance arrangements split among only three reinsurers rated A- and above, hence carrying low credit risk.

Concentration of Insurance Risks

The Company manages insurance risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company balances death risk and survival risk across its portfolio. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. Swan Life has defined group-wide retention limit on any single life insured and reinsures the excess of the insured benefit over its retention limit. The retention is further reinsured through a Catastrophe Risk Reinsurance treaty. The Company does not have any reinsurance covers for contracts that insure survival risk. The table below presents the concentration of insured benefits across bands of insured benefits per individual life assured:

Gross Benefits assured per life assured MUR '000	FY20		FY21	
	MUR million	%	MUR million	%
0-1000	32,023	28	28,724	26
1000-2000	14,637	13	15,250	14
>2000	67,241	59	65,087	60
	113,902	100	109,061	100

Strong Asset Quality – Robust Investment Portfolio

Swan Life had an investment portfolio of MUR 54,241 million (FY20: MUR 46,201 million) as at December 31, 2021, out of which 22% of the portfolio was attributed to the safest asset classes which are government securities and fixed deposits with banks. Also, 28% of the portfolio was invested in unit linked funds while the remaining 72% consisted of conventional non-linked assets. A breakup of the company's investment portfolio is given below:

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Particulars (MUR Million)	FY20	% of total investment	FY21	% of total investment
Debt Securities	12,841		15,314	
Government Securities	8,144	18%	8,416	16%
Corporate Bonds	4,697	10%	6,897	13%
Equity Securities	23,107		28,873	
Listed Local Equity	8,776	19%	11,600	21%
Unlisted Local Equity	2,344	5%	2,552	5%
Listed Overseas	3,428	7%	4,479	8%
Unlisted Overseas*	8,559	19%	10,240	18%
Loans and advances to customers	6,548	14%	6,610	12%
Fixed Deposit/Short term Deposit/Cash with bank	3,316	7%	3,063	6%
Investment in Property	389	1%	382	1%
Total	46,201	100%	54,241	100%
<i>Unit Linked</i>	<i>12,495</i>		<i>15,322</i>	
<i>Non-linked and shareholders' fund</i>	<i>33,706</i>		<i>38,919</i>	
<i>Inv in rated local equity (A and above)</i>	<i>4,742</i>		<i>6,505</i>	
<i>Inv in MCB & SBM</i>	<i>2,352</i>		<i>3,129</i>	

*Invested in listed funds

Swan Life aims at maintaining a robust and diversified portfolio by achieving a distribution of its investments among various assets and also geographically by investing into foreign funds.

Local equities make up 21% of the total portfolio. Out of MUR 14,153 million invested in listed & unlisted local equities, 46% of the portfolio is rated by CRAF. The ratings range from A- to AAA, hence implying low credit risk from the underlying companies.

Secured Mortgage Portfolio (Loans & advances) with low delinquencies

Besides providing insurance and investment services, Swan Life also extends loans for residential & commercial property.

At December 31, 2021, the company had a total loans portfolio of MUR 6,610 million (FY20: MUR 6,548 million) which is distributed as follows:

	FY20		FY21	
	MUR million	% of total portfolio	MUR Million	% of total portfolio
Mortgage	6,380		6,345	
(i) Residential	2,903	43.71%	2,802	41.79%
(ii) Commercial	3,477	52.36%	3,543	52.84%
Policy Loans	55	0.83%	51	0.76%
Other Secured Loans	146	2.20%	117	1.74%
Unsecured Loans	16	0.24%	21	0.31%
Loans to Directors, agents and associates	44	0.66%	171	2.56%
Gross Loans	6,641	100%	6,705	100%
Less Provisions	94		95	
Total	6,547		6,610	

Almost 95% of the loan portfolio consists of residential and commercial mortgages which are secured by the underlying collateral. The portfolio has seen very low delinquency levels during the past 5 years and the net NPL as on December 31, 2021 was 3.21% of the total loan portfolio.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Details of Non-Performing Assets

	FY20						FY21					
	Gross Assets	Gross NPA	Net Assets	Net NPA	GNPA	NNPA	Gross Assets	Gross NPA	Net Assets	Net NPA	% GNPA	% NNPA
	MUR Million				%		MUR Million				%	
Available-for-sale financial assets (Debt)	324	-	324	-	-	-	558	4	554	-	0.77%	-
Held-to-maturity financial assets	14,174	-	14,174	-	-	-	16,627	-	16,627	-	-	-
Trade receivables	938	40	897	-	4.30%	-	1,097	52	1,045	-	4.76%	-
Loans and receivables	6,652	299	6,548	195	4.50%	2.98%	6,709	312	6,610	212	4.64%	3.21%
Cash & deposits	2,734	-	2,734	-	-	-	2,550	-	2,550	-	-	-
Total	24,822	340	24,678	195	1.37%	0.80%	27,541	368	27,384	212	1.33%	0.77%

Comfortable Liquidity Position

Liquidity is one of the cornerstones in determining the financial strength of an insurer. CRAF has analyzed the Asset-Liability maturity profile (ALM) of Swan Life to assess the ability of the insurer to meet any possible obligations which may arise in the future, by recovering cash flow from its assets.

Particulars	< 1 yr	1 to 5 years	> 5 years	No stated maturity	Total
	MUR Million				
ASSETS					
Available for sale financial assets (Equity)	-	-	-	28,873	28,873
Held-to-maturity financial assets (G Sec & Corporate Bond)	1,506	5,464	9,226	-	16,197
Loans and receivables (Gross) (Mortgage Portfolio)	1,153	433	5,119	-	6,705
Trade and other receivables (Gross)	1,005	-	-	-	1,005
Short term deposits and cash & cash equivalents	2,254	-	-	-	2,254
[A]	5,918	5,898	14,345	28,873	55,034
LIABILITIES					
Technical provisions:					
a) Life assurance fund (payable to Policyholder's as per Actuarial Calculation)	1,487	4,891	13,362	33,050	52,790
b) Gross outstanding claims	-	297	-	-	296
Lease Liabilities	3	2	-	-	5
Trade and other payables	791	53	-	-	844
Dividend payable	156	-	-	-	156
[B]	2,437	5,243	13,362	33,050	54,093
GAP [A-B]	3,481	654	983	4,177	941
Cumulative GAP	3,481	4,134	5,118	941	

The ALM profile of Swan Life shows that the company is well positioned to meet potential obligations which may arise in both the short and long term. The investment portfolio of Swan Life is well distributed to include financial assets with maturities ranging from less than 1 year to more than 5 years.

Given the long tail business model of the company, it also holds significant assets with no stated maturities (comprised mostly of equity securities), which provide a cushion against all potential claims which may crystallize during any year as represented by technical reserves.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Comfortable Solvency Ratio

As per the Mauritius Long-term Insurance Act and associated Regulations, Swan Life is required to report Minimum Capital Requirement (MCR), which is a measure of “risk-based capital” in excess of the reserves to provide a cushion in the event that future experience diverges adversely from the best estimate assumptions. The Company is required to maintain shareholders’ fund to cover the MCR by at least 1 time. The Actuary has calculated the solvency position of Swan Life, as per the requirement of the Insurance Act 2005 and the Insurance (Long-term Insurance Business Solvency) Rules 2007.

	FY20	FY21	FY22
	MUR Million		
Shareholders’ capital used to cover MCR	1,551	1,824	2,099
Minimum Capital Requirement (MCR)	303	314	333
MCR cover multiple	5.1x	5.8x	6.3x

Based on the calculation of the Actuary, Swan Life had a MCR cover multiple for FY22 which was 6.3x (FY21: 5.8x), which is well above the regulatory requirement of 1 time.

Strong systems

Information Technology

The Company has IT systems having platforms that are designed to service scale and are capable of handling high customer transaction volumes which have helped the company improve productivity and efficiency of operations. Most of the operations are digitalized and real time back up is maintained. The Company has its Business Continuity Center, which was operational pre COVID lockdown and facilitated the Company to be fully operational through its online platform even during lockdown.

Customer service

The Company has put in place system for timely communication to policy holders during different stages of the life cycle of a policy viz., advance renewal intimation, grace period notification, upon lapse, before revival ending period & discontinuance. In addition, a dedicated team was also set up to resolve all the requests received from customers through Automated Calls, SMSs, Emails, Letters etc.

Risk management

The company has a risk management framework which identifies, evaluates, mitigates and monitors risks that potentially have a material impact on the value of the company. The CRO is ultimately responsible for fostering the enterprise-wide risk management function including provision of the TRA to the Risk Committee and the Risk Management Committee. The supervisory level Risk Committee, convened by the Chief Risk Officer, comprises of various Heads of Departments / functions, which have been identified as the owners of respective risks. They are responsible for the implementation of risk management activities including risk mitigation plan within their respective vertical / departments or projects. The Risk Committee oversees the functioning of the overall risk management framework of the Company and implementation of the risk management strategy. The risk committee also takes inputs from the senior officials of the company like the Senior Manager- Swan Capital Solution, the Senior Manager-Group Finance and the Appointed Actuary. The committee assists the Board in effective operation of the risk management system by performing analyses and quality reviews and reports details on the risk exposures and the actions taken to manage the exposures.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

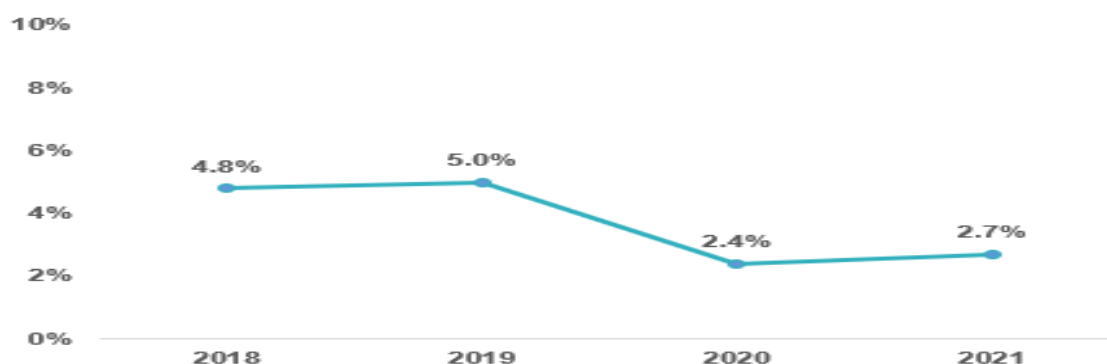
BRN: C14127054 • FSC License No.: CR14000001

Industry Risk

Mauritius has a well-developed insurance industry which is regulated and supervised by the Financial Services Commission (FSC) under the Insurance Act 2005, with a regulatory framework aligned with International Association of Insurance Supervisors (IAIS) standards and principles.

With a 2.7% growth in 2021, the insurance sector is critical to the financial stability of the Mauritian financial system since insurance companies are among the largest investors after the banks. However, the only concern for the life insurance industry is the ageing population of Mauritius (around 20% of the population is above 60 years).

The below chart illustrates the performance of the Mauritian insurance industry over the last four years:



Life Insurance business in Mauritius

The Life (Long-Term) Insurance Business is a sub-sector of the insurance sector which involves the provision of life insurance, pension plans, permanent health insurance and linked products.

As at December 31, 2021, this segment of the insurance industry comprised of 7 insurers which collectively had MUR 87 billion of assets under management. For the year 2020, a total of MUR 10.5 billion was underwritten in terms of Gross Written Premium, which slightly lower than the MUR 10.7 billion recorded in 2019. The below table illustrates the operational performance of the life insurance sector over a three-year time span up to 2020:

	2018	2019	2020
Total Gross Premium (MUR billion)	10	10.7	10.5
Gross claims paid and payable (MUR billion)	7.5	7.7	8.1
Value of assets (MUR billion)	77	85	88
Number of policies	472,556	501,328	525,065
Terminations (death, maturity, surrenders, lapses)	47,105	54,904	63,098

Product Categorization

As mentioned above, the life insurance sector is categorized into Life insurance, Pension, Permanent Health and Linked long term insurance. The majority of long-term insurance is dominated by Life insurance contributing to a whopping 56.01% of total gross premium written in 2020, followed by linked long term insurance 24.01%, Pension (19.90%) and Permanent Health (0.08%).

Market Share

The below chart illustrates how the life insurance sector in Mauritius is distributed among the different players, based on gross written premium for 2020:

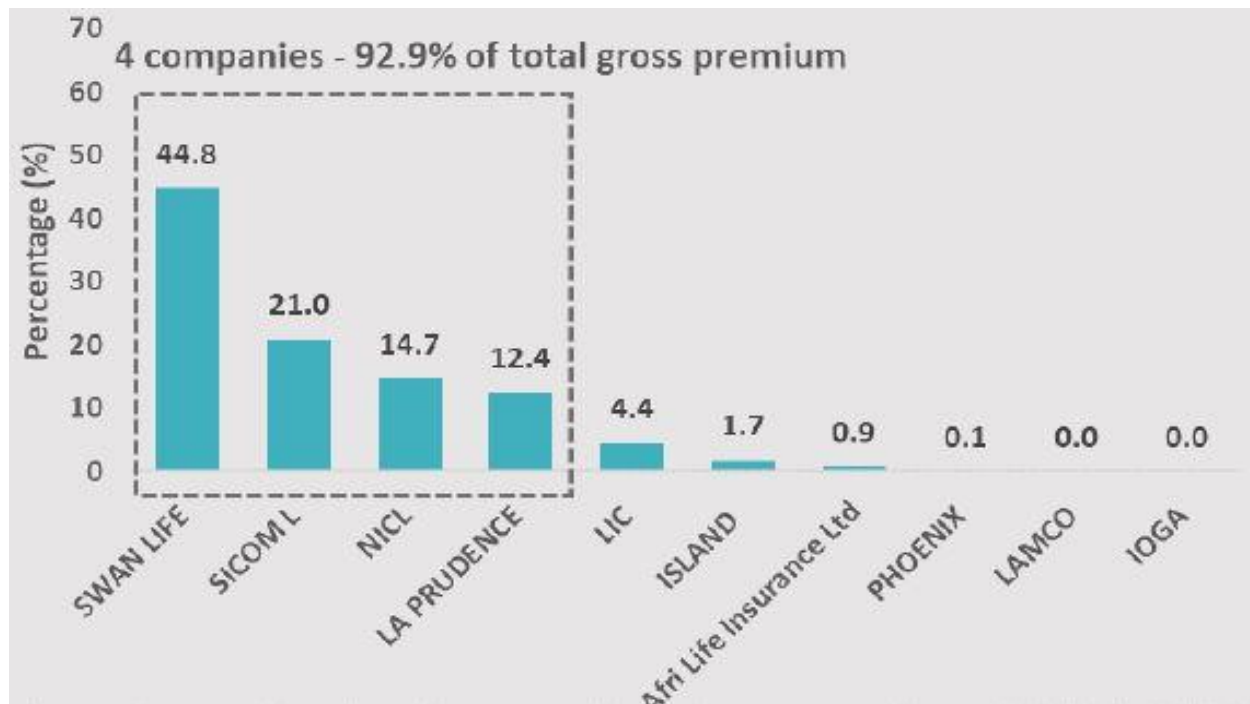
CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001



More than 90% of total gross premium written for the life insurance sector in 2020 was concentrated among only four insurers namely, Swan Life, SICOM, NIC and MUA Life (La Prudence), with Swan Life leading the market with a 45% market share.

Profitability

Despite the challenging economic and sanitary conditions which prevailed during FY21, Swan Life has performed better than FY20 in FY21. The improvement is attributed to a 9% increase in GPW, coupled with stable claims incurred and contained commissions and operating expenses. The Group recorded underwriting profits 73% higher compared to the previous year, despite the challenging economic and sanitary conditions which prevailed during the year. The Group also holds a well-diversified investment portfolio which delivered strong gains during the year, boosted by the recovery in economic activities worldwide and the confirmed exit of Mauritius from the FATF grey list. Swan Life (Consolidated) achieved a 13% higher PAT of MUR 630 million in FY21 compared to MUR 557 million in FY20. Level of provisions for the year was marginal.

At the company level, however, PAT witnessed a marginal increase of less than 1% as a result of the implementation of the new Alternative Minimum Tax applicable to life insurance business.

For the period ended September 30, 2022, Swan Life has written gross premium of MUR 4,305 million which is equivalent to 84% of the total gross written premium for the whole year ending 31 December 2021. The Company achieve an underwriting of MUR 882 million for the period ending 30 September 2022 which exceeded the MUR 622 million registered for FY21. The performance of Swan Life for the period ending 30 September 2022 are deemed to be satisfactory considering that total claims payments are more than 20% compared to a year earlier. During the first nine months of FY22, the higher cost of living and economic strain have forced a number of policyholders to surrender and cash in on

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
 Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
 Phone: +230 59553060/58626551 • www.careratingsafrica.com
 BRN: C14127054 • FSC License No.: CR14000001

their policies to meet their cash requirements while an important number of policies are also matured. Despite these circumstances, the Company managed to generate a PAT of MUR 2,404 million (9MFY21: MUR 2,482 million).

Swan Life Ltd (Consolidated)					
Year ended/ as at 31	FY17	FY18	FY19	FY20	FY21
	MUR million				
Gross Premium Written (GPW)	4,027	4,395	4,821	4,719	5,123
Net Premium Earned (NPE)	3,866	4,233	4,676	4,532	4,957
Net Claims Incurred	2,822	3,172	3,705	3,409	3,470
Net Commission	236	178	195	184	190
Net Underwriting Profit	223	302	83	360	622
Net Investment Income	1,541	1,886	2,168	2,410	2,402
PBT	1,689	2,129	2,196	2,715	3,001
PAT	253	465	420	557	630
Tangible Network	868	1,093	1,338	1,727	2,204
Technical Reserve (Policyholders)	39,969	41,499	45,547	45,451	53,142
Investments	40,678	42,064	46,677	46,202	54,242
Cash & bank balances	2,582	2,465	2,960	2,734	2,550
Total assets	41,837	43,287	47,901	48,431	56,665
Total Borrowings	-	-	-	-	-
Ratios					
GPW growth (%)	N/A	9.15	9.70	(2.12)	8.57
NPE growth (%)	N/A	9.49	10.47	(3.09)	9.38
Claims/ Loss Ratio (%)	72.99	74.94	79.23	75.23	70.00
Combined Ratio	94.24	92.87	98.23	92.06	87.46
RONW	N/A	47.38	34.51	36.38	32.03
ROTA	N/A	1.09	0.92	1.16	1.20

Swan Life Ltd (Standalone)					
Year ended/ as at 31	FY17	FY18	FY19	FY20	FY21
	MUR million				
Gross Premium Written (GPW)	4,027	4,395	4,821	4,719	5,123
Net Premium Earned (NPE)	3,866	4,233	4,676	4,532	4,957
Net Claims Incurred	2,822	3,172	3,705	3,409	3,470
Net Commission	236	178	195	184	190
Net Underwriting Profit	210	327	101	382	625
Net Investment Income	1,607	1,959	2,248	2,490	2,484
PBT	1,745	2,227	2,294	2,821	3,091
PAT	227	394	338	428	429
Tangible Network	1,244	1,083	1,268	1,544	1,818
Technical Reserve (Policyholders)	39,643	41,499	45,547	45,451	53,142
Investments	40,762	42,101	46,500	46,202	54,242
Cash & bank balances	2,215	2,092	2,384	2,298	2,254
Total assets	41,755	43,155	47,639	48,109	56,173
Total Borrowings	-	-	-	-	-
Ratios					

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Swan Life Ltd (Standalone)					
Year ended/ as at 31	FY17	FY18	FY19	FY20	FY21
	MUR million				
GPW growth (%)	N/A	9.15	9.70	(2.12)	8.57
NPE growth (%)	N/A	9.49	10.47	(3.09)	9.38
Claims/ Loss Ratio (%)	72.99	74.94	79.23	75.23	70.00
Combined Ratio	94.57	92.28	97.84	91.58	87.39
RONW	N/A	33.84	28.78	30.46	25.50
ROTA	N/A	0.93	0.75	0.89	0.82
Solvency ratio (times)	N/A	N/A	4.1x	5.1x	5.8x

Period ended/ as at 30 September	9MFY21	9MFY22
	MUR million	
Gross Premium Written	3,996	4,305
Net Premium Earned	3,888	4,189
Net Underwriting Profit	1,108	882
PAT	2,482	2,404
Tangible Networth	1,818	1,881
Technical Reserve (Policyholders fund)	53,142	51,355
Cash and Cash Equivalent	1,152	1,984
Total Assets	56,713	53,976
Total Borrowings	-	-

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating. CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Annexure I

Rating Symbols

Long / Medium-term Issuer Rating

Symbols	Rating Definition
CARE MAU AAA (Is)	Issuers with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such issuers carry lowest credit risk.
CARE MAU AA (Is)	Issuers with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such issuers carry very low credit risk.
CARE MAU A (Is)	Issuers with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such issuers carry low credit risk.
CARE MAU BBB (Is)	Issuers with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such issuers carry moderate credit risk.
CARE MAU BB (Is)	Issuers with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B (Is)	Issuers with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C (Is)	Issuers with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D (Is)	Issuers with this rating are in default or are expected to be in default soon.

CRAF's Issuer Rating (CIR) reflects the overall credit risk of the issuer. The rating scale has been aligned with the long-term instrument rating scale ranging from AAA (Is) (Highest Safety) to D (Is) (Default). 'Is' suffix indicates 'Issuer Rating'

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Contact us**Contact**

Name : Mr. Saurav Chatterjee
Title : Chief Executive Officer
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical contact

Name : Mr. Vidhyasagar Lingesan
Title : Chief Rating Officer
Phone : +230 5273 1406
E-mail : vidhya.sagar@careratingsafrica.com

About CARE Ratings (Africa) Private Limited:

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001