

Corporate Credit & Issue Rating

New Update

Sector: Insurance

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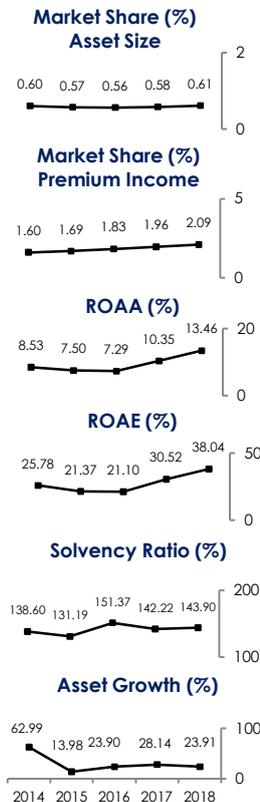
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RATINGS

		Long Term	Short Term	
International	Foreign Currency	BBB	A-3	
	Local Currency	BBB	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	-	-	-	
National	Local Rating	AA (Trk)	A-1+ (Trk)	
	Outlook	Positive	Stable	
	Issue Rating	AA (Trk)	A-1+ (Trk)	
Sponsor Support	2	-	-	
Stand-Alone	AB	-	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
LC		Negative	-	

*Affirmed by JCR on December 6, 2019



Bupa Acıbadem Sigorta A.Ş.

Company Overview

Financial Data	2019Q3**	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	289,331	203,195	228,724	191,306	186,885	205,581
Total Assets (000 TRY)	1,637,354	1,068,990	862,725	673,244	543,388	476,721
Equity (000 TRY)	530,751	388,644	294,662	226,210	194,148	163,788
Net Profit (000 TRY)	126,739	100,441	63,198	32,074	30,764	27,068
Technical Profit (000 TRY)	81,474	79,308	57,411	15,272	4,624	5,926
Gross Written Premiums (000 TRY)	1,277,427	1,143,813	913,306	739,720	522,361	416,307
Asset Market Share 1***	0.78	0.61	0.58	0.56	0.57	0.60
Asset Market Share 2****	1.17	0.94	0.88	0.88	0.88	0.94
Gross Premium Market Share 1***	2.64	2.09	1.96	1.83	1.69	1.60
Gross Premium Market Share 2****	21.36	18.15	17.94	17.24	14.83	12.69
ROAA (%)	N/A	13.46	10.35	7.29	7.50	8.53
ROAE (%)	N/A	38.04	30.52	21.10	21.37	25.78
Solvency Ratio (%)	N/A	143.90	142.22	151.37	131.19	138.60
Asset Growth (%)	53.17	23.91	28.14	23.90	13.98	62.99
GWP Growth (%)	39.13	25.24	23.47	41.61	25.47	35.16

(* End of year audited financial statements, (**) 2019Q3: September-end 2019 financial statements, (***) In the sector, (****) In the life & pension companies, (*****) In the health branch, GWP: Gross Written Premiums, GWP Growth (%) is measured with respect to the same period of the previous year.

Bupa Acıbadem Sigorta A.Ş. (hereinafter “Bupa Acıbadem” or “the Company”) is the second largest health insurance provider in the Turkish insurance market in terms of premium generation and is the only company in the sector specialized in the health insurance branch. In addition to the health branch, the Company also provides life and personal accident policies.

The customer base of the Company is chiefly comprised of group insurance contracts with major domestic and international companies located in Turkey, while a smaller portion of services are provided to individual business lines. As of October-end 2019, the Company employed a total of 344 employees and had 5 district offices, 251 agencies and 73 brokers. Although the Company was incorporated under **Burau Ventures Sdn Bhd**, fully owned by the insurance holding Avicennia Capital Sdn Bhd of Khazanah Nasional Berhad, it was fully acquired by the **Bupa International Markets Limited (“BUPA”)** on 17 August 2018, and the share transfer was completed on 17 January 2019. As of October-end 2019, the Company’s commercial title was changed to its current version and its web address was revised as “bupaacibadem.com.tr”.

Strengths

- Steady and solid growth trend in premium production greater than the market figures
- Robust shareholders, strategic partnerships and rooted brand name in the health branch contribute to the Company’s national presence and growth
- Robust financial profile stemming from the lack of financial leverage, robust capitalization and sufficient liquid resources
- Strong and improving market position in the health insurance branch supporting the Company’s future growth potential
- Rooted customer base primarily composing of prominent domestic and international companies operating in Turkey
- Experienced and visionary senior management team and Board of Directors
- Increasing bottom-line profit generation supporting the Company’s equity base
- Competent and well-structured organizational base fostering effective risk management, information security and corporate governance practices
- Generation of innovative insurance products and digitalization efforts supporting the growth potential
- Robustly increasing net investment income underpinning the Company’s profitable growth

Constraints

- Exposure to concentration risk due to reliance on the health branch and corporate clients
- Mispricing of medical trends and premiums, and increasing frequency of claims might deteriorate the Company’s operating results
- Negative macroeconomic developments realized in 2018 and 2019 and increased insurance premiums pressure the sector growth and profit margins
- Ill-diversified distribution channel network pressuring the profit generation capacity of the sector and the Company
- Further increase in competition in health insurance market might pressure the profit growth rates in future periods
- Potential decrease in the number of candidates for individual health insurance due to deteriorated economic conditions