

# Best's News

## [BEST'S CREDIT RATING ACTION](#)

Best's News & Research Service - February 21, 2025 09:20 AM (EST)

# AM Best Affirms Credit Ratings of Himalayan Reinsurance Limited

February 21, 2025 09:20 AM (EST)



//BestWire// - **AM Best** has affirmed the Financial Strength Rating of B+ (Good) and the Long-Term Issuer Credit Rating of “bbb-” (Good) of Himalayan Reinsurance Limited (Himalayan Re) (Nepal). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Himalayan Re’s balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management.

The company’s balance sheet strength assessment is underpinned by risk-adjusted capitalisation, which was at the strong level in the fiscal year that ended 16 July 2023 (fiscal-year 2023), but it is projected to increase to the very strong level in fiscal-year 2024, where it is expected to remain over the medium term, as measured by Best’s Capital Adequacy Ratio (BCAR). Shareholders’ equity increased 194% from NPR 7.9 billion (USD 61 million) in fiscal-year 2023 to approximately NPR 15.3 billion (USD 118 million) in fiscal-year 2024, based on provisional full year financial results, supported by its public listing in January 2024. The company has a low-to-moderate risk investment portfolio, with a majority allocation to cash and term deposits, with the remainder mainly in fixed-income securities and public equities. AM Best views Himalayan Re’s exposure to severe earthquake events in Nepal, as well as the inherent modelling risk, as offsetting factors to the balance sheet strength assessment, notwithstanding that the risks are mitigated in part through the use of retrocession.

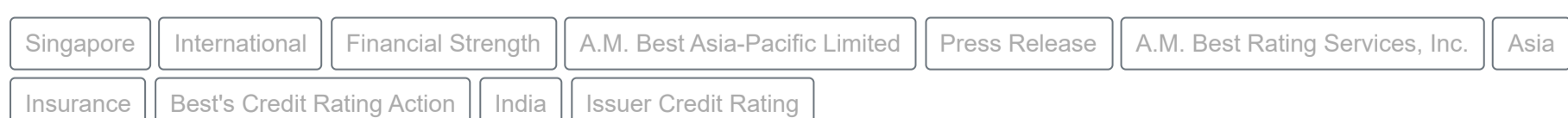
AM Best views the company’s operating performance as adequate. Himalayan Re has generated positive operating earnings consistently since its formation. The company is expected to generate positive underwriting margins in fiscal-year 2024, notwithstanding a flood event in September 2024. Supported in part by a larger business scale, the company’s expense ratio has trended down over time. Prospective underwriting performance will depend heavily on the company’s ability to source good quality domestic business. Investment returns, mainly from interest income, are expected to remain the key driver of earnings over the medium term.

Himalayan Re’s business profile is assessed as limited. Himalayan Re is a domestic reinsurer that was established in the Nepal market in July 2021. Business acquisition currently benefits from mandatory domestic reinsurance cessions approved in 2022, which includes an 8% direct policy cession and a minimum 15% of reinsurance treaty cession in fiscal-year 2024. The company also benefits from a first right of refusal to domestic facultative reinsurance business to domestic reinsurers. AM Best views the regulatory support during the company’s early years to be favourable to its strategic growth objectives as it matures. Notwithstanding an expected decline in the mandatory domestic reinsurance cession ratio over time, regulatory support during Himalayan Re’s early years is viewed to be favourable to its strategic growth objectives as it matures. Nonetheless, the underwriting portfolio is expected to show a line of business concentration toward property and engineering risks. In addition, Himalayan Re has geographic concentration in Nepal, albeit with gradual diversification planned over time.

**Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.**

**This press release relates to Credit Ratings that have been published on AM Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best’s Credit Ratings](#). For information on the proper use of Best’s Credit Ratings, Best’s Performance Assessments, Best’s Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best’s Ratings & Assessments](#).**

**AM Best is a global credit rating agency, news publisher and data analytics provider specialising in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.**



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2

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## Related Companies

AMB#	Company Name
074846	<a href="#">Himalayan Reinsurance Limited</a>

[BEST'S CREDIT RATING ACTION](#)**[AM Best Removes From Under Review With Positive Implications and Upgrades Credit Ratings of Himalayan Reinsurance Limited](#)**

Jan 24, 2024 09:02 AM (EST)

[BEST'S CREDIT RATING ACTION](#)**[AM Best Places Credit Ratings of Himalayan Reinsurance Limited Under Review With Positive Implications](#)**

Mar 01, 2023 09:52 AM (EST)

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## **AM Best Assigns Credit Ratings to Himalayan Reinsurance Limited**

Feb 11, 2022 09:35 AM (EST)

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