



Best's Credit Rating Effective Date

October 17, 2019

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Information

- [Best's Credit Rating Methodology](#)
- [Understanding Best's Credit Ratings](#)
- [Market Segment Outlooks](#)

Financial Data Presented

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Pozavarovalnica Sava d.d.

AMB #: 083846 | **AIIN#:** AA-9614100

Associated Ultimate Parent: AMB # 083847 - Pozavarovalnica Sava d.d.

Best's Credit Ratings – for the Rating Unit Members

Financial Strength Rating (FSR)

A
Excellent
Outlook: Stable
Action: Affirmed

Issuer Credit Rating (ICR)

a
Excellent
Outlook: Stable
Action: Affirmed

Assessment Descriptors

Balance Sheet Strength	Very Strong
Operating Performance	Strong
Business Profile	Neutral
Enterprise Risk Management	Appropriate

Rating Unit - Members

Rating Unit: Pozavarovalnica Sava d.d. | **AMB #:** 083846

AMB # Rating Unit Members
083847 Pozavarovalnica Sava d.d.

Rating Rationale

Balance Sheet Strength: **Very Strong**

- Pozavarovalnica Sava d.d. (Sava Re) benefits from consolidated risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), at the strongest level at year-end 2018 on both a standard and stressed basis.
- BCAR is expected to remain at the strongest level in the short-to-medium term, supported by solid internal capital generation.
- Other supporting balance sheet factors include low reliance on reinsurance and retrocession, prudent reserving and good financial flexibility with access to capital and debt markets.
- The level of guarantees offered on the company's life insurance portfolio constitute an offsetting factor, given the current low interest rate environment, although AM Best notes that Sava Re has taken actions to limit the potential prospective impact of this on the capital base.

Operating Performance: **Strong**

- Sava Re has a track record of generating strong and stable operating performance following, as evidenced by a five-year (2014-2018) weighted average combined ratio of 93.9% and five-year weighted average return on equity of 11.7%, as calculated by AM Best.
- Consistent operating profits over the past five years have been driven by sound life and non-life underwriting performance, supplemented by healthy investment income.
- The group originated 83% of its business in Slovenia in 2018, where its competitive position and prudent underwriting enable it to generate strong and relatively stable underwriting earnings.
- Offsetting factors include a relatively elevated expense base compared with peers, which translated to an expense ratio of 36% in 2018 (2017: 34%) (as calculated by AM Best), impacted by the company's operations in the West Balkans market.

Business Profile: **Neutral**

- The Sava Re group is one of the largest insurance groups in southeast Europe, consisting of insurance, reinsurance and non-insurance subsidiaries. Insurance premiums accounted for 84% of gross written premiums in 2018, with reinsurance accounting for the remaining 16%.
- Sava Re benefits from a strong position in its core domestic market of Slovenia, where it had a 16% market share in terms of gross written premiums in 2018.
- The group also has a solid profile within the smaller insurance markets of the West Balkans and continues to cautiously develop its competitive position in the international reinsurance market.
- AM Best expects growth in premium volume to be moderate over the medium term, reflecting the combination of improving operating conditions in Slovenia and the highly competitive nature of the international reinsurance market.

Enterprise Risk Management: **Appropriate**

- Sava Re's enterprise risk management (ERM) is fully integrated and embedded across the entire group.
- Risk management framework and capabilities are deemed appropriate considering the complexity of the operations.
- The group has well-defined risk tolerance levels and developed management controls, in line with the Solvency II regulatory regime.

Outlook

- The stable outlooks reflect AM Best's expectation that Sava Re will maintain its rating fundamentals over the medium term. Risk-adjusted capitalisation is expected to remain at the strongest level supported by solid capital generation. Operating performance is anticipated to remain strong supported by the group's focus on underwriting profitability. Sava Re is expected to maintain a leading position in the Slovenian (re)insurance market and continue to cautiously grow in the West Balkans insurance market.

Rating Drivers

- Positive rating actions could occur if Pozavarovalnica Sava d.d. (Sava Re) were to expand its business profile whilst maintaining consolidated risk-adjusted capitalisation at the strongest level with strong operating performance.

- Negative rating actions could arise from a sustained and material deterioration in operating performance metrics.
- Negative rating actions could arise from a material deterioration of Sava Re's risk-adjusted capitalisation.

Key Financial Indicators

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	69.3	56.6	51.3	49.6

Source: Best's Capital Adequacy Ratio Model - Universal

Key Financial Indicators	2018 EUR (000)	2017 EUR (000)	2016 EUR (000)	2015 EUR (000)	2014 EUR (000)
Net Premiums Written:					
Life	88,768	89,926	85,512	85,306	88,452
Non-Life	430,588	393,064	373,451	370,643	352,325
Composite	519,356	482,990	458,963	455,949	440,777
Net Income	43,012	31,095	32,918	33,365	30,538
Total Assets	1,705,947	1,708,348	1,671,189	1,607,281	1,454,375
Total Capital and Surplus	340,176	316,117	297,038	286,402	271,529

Source: BestLink® - Best's Financial Suite

Key Financial Indicators & Ratios	2018	2017	2016	2015	2014	Weighted 5-Year Average
Profitability:						
Balance on Life Technical Account (EUR 000)	10,635	10,757	9,394	10,751	11,064	...
Balance on Non-Life Technical Account (EUR 000)	23,462	19,378	14,626	11,585	11,418	...
Net Income Return on Revenue (%)	8.0	6.2	6.7	6.9	6.5	6.9
Net Income Return on Capital and Surplus (%)	13.1	10.1	11.3	12.0	11.9	11.7
Non-Life Combined Ratio (%)	92.4	93.0	94.8	95.3	93.9	93.9
Net Investment Yield (%)	1.2	1.3	1.4	1.6	1.9	1.5
Leverage:						
Net Premiums Written to Capital and Surplus (%)	152.9	152.9	154.9	159.7	163.5	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Sava Re's consolidated balance sheet strength is assessed as very strong. Its risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) is aligned with the keyword of strongest on both a standard and stressed basis. The group benefits from solid internal capital generation, low reliance on reinsurance and retrocession and good financial flexibility. Offsetting factors include with the high level of embedded guarantees in the company's life insurance portfolio considering the current low interest rate environment, although AM Best notes that Sava Re has taken actions to limit the impact this could have on its prospective capital base.

The BCAR scores presented under the "Best's Capital Adequacy Ratio Summary - AMB Rating Unit (%)" section of this report are based on the year-end 2018 audited consolidated financial statements of the company.

Capitalisation

Sava Re's risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), is consistent with AM Best's strongest assessment and is expected to remain at this level in the medium term. The group's risk-adjusted capitalisation benefits from a large capital base, which has been supplemented by strong earnings generation. In the BCAR, AM Best gives partial equity credit to the value-in-force relating to the group's life portfolio.

Balance Sheet Strength (Continued...)

Shareholders' funds increased by 7.6% to EUR 340.2 million during 2018 (year-end 2017: EUR 316.1 million) mainly due to strong operating profits, partly mitigated by a EUR 12.4 million dividend payment.

Capital is managed at the group level and it is considered to be fungible across group subsidiaries. Sava Re's capital management strategy focuses on regulatory solvency requirements, with the group targeting Solvency II Solvency Capital Requirement (SCR) ratio, under standard formula, of 170-200% as an optimal operating window. As of year-end 2018, Sava Re reported a consolidated Solvency II ratio of 218%, which is considered in excess of the company's internal capital target.

Sava Re's dividend policy is to pay up to 40% of net profits, subject to an adequate level of capital to support its strategy. In 2018, the group paid an ordinary dividend of 40% of net profits (2017: 38%). Prospectively, Sava Re is expected to maintain a similar payout ratio.

Sava Re's financial flexibility is good, with proven ability to access capital markets to raise equity and debt when required. This was demonstrated in 2013 when Sava Re issued EUR 55 million of equity, partly used to purchase the shares of a Slovenian subsidiary Maribor.

Capital Generation Analysis	2018 EUR (000)	2017 EUR (000)	2016 EUR (000)	2015 EUR (000)	2014 EUR (000)
Beginning Capital and Surplus	316,117	297,038	286,402	271,529	240,099
Net Income	43,012	31,095	32,918	33,365	30,538
Net Unrealized Capital Gains (Losses)	-6,549	1,189	5,126	-5,764	10,709
Currency Exchange Gains (Losses)	-16	501	-387	22	-360
Change in Equalisation and Other Reserves	...	-646	293	-1,251	...
Stockholder Dividends	-12,398	-12,464	-12,398	-9,066	-4,387
Other Changes in Capital and Surplus	10	-596	-14,916	-2,433	-5,070
Net Change in Capital and Surplus	24,059	19,079	10,636	14,873	31,430
Ending Capital and Surplus	340,176	316,117	297,038	286,402	271,529
Net Change in Capital and Surplus (%)	7.6	6.4	3.7	5.5	13.1

Source: BestLink® - Best's Financial Suite

Liquidity Analysis (%)	2018	2017	2016	2015	2014
Liquid Assets to Total Liabilities	102.5	102.4	101.6	101.0	99.1
Total Investments to Total Liabilities	107.2	106.4	105.9	105.1	103.5

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Sava Re's investment strategy has remained fairly conservative with a focus on government bonds (51% of the investment portfolio as of year-end 2018), corporate bonds (38%) and cash, deposits and money-market instruments (8%). The group closely monitors its investment exposure and has demonstrated its ability to adjust its strategy to reduce potential market risks inherent within its portfolio.

Following the downgrades of the Slovenian sovereign rating and the banking system bailout in 2013, Sava Re has attempted to diversify the geographical spread of investments in order to reduce concentration risk. The group aims to maintain its exposure to Slovenian investments below 25% of total investments and has successfully achieved this over the past two years. Concurrently, the group increased its investments in other European countries (mainly the member states of the European Union), the U.S., as well as its allocation to alternative investments.

Sava Re's investment portfolio is expected to remain broadly similar, with a focus on government and corporate bonds and cash and deposits.

Sava Re's liquidity levels have been maintained at an adequate level, as demonstrated by the ratio of total investments to total liabilities of 102% as of year-end 2018, with the expectation that liquidity will remain at a similar level in the medium term.

Balance Sheet Strength (Continued...)

Sava Re is exposed to interest rate risk through its life business. The group provides guaranteed investment returns for part of its traditional life business of up to 2.75%. The average rate of investment guarantee is much lower and has a decreasing trend, also due to lower new business guarantees (1.5% from June 2015), and shift in new business mix into protection and unit-linked business. In addition, Sava Re has taken actions to limit the impact of an unfavourable investment return development, currently considered unlikely, on its prospective capital base. The portfolio is considered well managed and the company is expected to meet all its guaranteed obligations.

Composition of Cash and Invested Assets	2018	2017	2016	2015	2014
Total Cash and Invested Assets (EUR 000)	1,464,587	1,482,002	1,455,361	1,388,562	1,223,916
Cash (%)	7.6	5.0	4.9	4.9	8.3
Bonds (%)	69.6	71.4	73.1	73.4	69.1
Equity Securities (%)	4.4	4.5	2.6	2.4	1.8
Real Estate, Mortgages and Loans (%)	4.0	3.8	3.8	3.6	3.6
Other Invested Assets (%)	14.3	15.3	15.7	15.8	17.0
Total Cash and Unaffiliated Invested Assets (%)	100.0	100.0	100.0	100.0	99.7
Investments in Affiliates (%)	...	...	...	...	0.3
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

Sava Re has maintained a conservative reserving strategy supported by the use of traditional actuarial methods to calculate provisions. Reserves at each subsidiary are determined in accordance with group standards. Sava Re's reserves are assessed periodically by third-party actuaries, and the latest external reviews supported the adequacy of the group's reserves. A positive run-off can be demonstrated over the past five years in both the direct and reinsurance segments.

Operating Performance

Sava Re has a track record of strong operating performance, as evidenced by a five-year (2014-2018) consolidated return on equity of 11.7%. The results have been driven by solid underwriting performance, stemming primarily from the non-life Slovenian business, and supported by adequate investment income.

The company's strong focus on risk-selection in order to preserve its very good underwriting profitability and willingness to limit growth in order to maintain its combined ratio below 95% is expected to preserve group's strong operating performance in the medium term.

Net profit after tax saw a year-over-year increase of 38.3% (EUR 43.0 million in 2018 vs EUR 31.1 million in 2017) and was the largest net result reported to date.

Underwriting Results

Sava Re's underwriting performance is solid with a five-year (2014-2018) weighted average combined ratio of 93.9%, mainly reflecting the strong performance of its Slovenian non-life insurance business, where the group originates a material proportion of its business. The technical performance in 2018 improved compared to 2017, when it was affected by large international losses (hurricane losses in the Caribbean and the USA, and large flood and fire losses in Russia).

The year-end 2018 combined ratio of the group was 92.9% - a material improvement of 2.6% when compared to one year prior.

The group's leading competitive position in its domestic market and prudent underwriting enabled it to generate strong and relatively stable underwriting earnings with an excellent five-year (2014-2018) weighted average loss ratio of 59%.

The global reinsurance business has been profitable, although it exposes the group to a potential volatility inherent for reinsurance business. However, the group's focus on underwriting profitability, quality portfolio selection, as well as the non-renewal of unprofitable risks is expected to lead to good results. This has been evidenced in the last two years when, despite the exceptional high natural

Operating Performance (Continued...)

catastrophe activity impacting the reinsurance market, Sava Re reported very good combined ratios of its reinsurance business (90.9% in 2018 and 93.1% in 2017).

Although the group's loss ratio is significantly better when compared to peers, the expense ratio is higher, reflecting high expenses to penetrate the West Balkan market, integration costs of acquisitions as well as investments in technological updates. While each of these requires a sizable upfront capital expenditure, they are expected to materially benefit the group over the long term.

Investment Results

Returns generated by the investment portfolio continue to contribute positively to the operating performance of the group. Net investment income relating to the group's portfolio amounted to EUR 17.8 million in 2018. Five-year average (2014-2018) investment yield is 2.9%, however it has seen a steady decline since 2014, in line with falling interest rates.

At half-year 2019, net investment income totaled EUR 2.4 million, up EUR 0.6 million year over year. Net investment income strengthened as the result of a partial repayment of a bond previously impaired, more dividend income from financial investments and stronger income from investment property. The return on investment for the period was 2.6%.

Going forward, the investment yields are expected to slightly improve, reflecting the group's revised investment targets and shift from Slovenian government bonds toward higher yielding US treasuries, real estate and alternative investments.

Financial Performance Summary	2018 EUR (000)	2017 EUR (000)	2016 EUR (000)	2015 EUR (000)	2014 EUR (000)
Pre-Tax Income	55,261	39,881	40,670	40,098	38,956
Net Income after Non-Controlling Interests	42,791	31,065	32,825	33,378	30,596

Source: BestLink® - Best's Financial Suite

Operating and Performance Ratios (%)	2018	2017	2016	2015	2014
Overall Performance:					
Return on Assets	2.9	2.1	2.3	2.5	2.5
Return on Capital and Surplus	13.1	10.1	11.3	12.0	11.9
Non-Life Performance:					
Loss and LAE Ratio	56.9	58.9	59.0	60.7	59.5
Expense Ratio	35.5	34.1	35.8	34.6	34.4
Non-Life Combined Ratio	92.4	93.0	94.8	95.3	93.9

Source: BestLink® - Best's Financial Suite

Business Profile

The Sava Insurance Group is one of the largest insurance groups in southeast Europe, consisting of insurance, reinsurance and non-insurance subsidiaries. At year-end 2018, the company's gross written premium split was 84% insurance and 16% reinsurance. The group is also the biggest Slovenia-based reinsurer and has leading presence in smaller West Balkan markets, including Kosovo, Montenegro and North Macedonia.

The group's direct insurance business continues to be dominated by premiums written in Slovenia; however, the company has been actively expanding in the West Balkans, as evidenced by recent acquisitions. AM Best expects to see further geographical diversification in the medium term. Sava Re's current insurance market shares in its major markets outside Slovenia is as follows at year-end 2018: Montenegro - 14.7%, Kosovo - 12.2%, North Macedonia - 8.1%, Serbia - 2.6%, and Croatia - 1.2%.

Sava Re writes both life and non-life business in all of the aforementioned markets, except for Montenegro and North Macedonia where it writes non-life business only. The company has successfully increased its market share in all of the above markers during 2018.

Sava Re's portfolio continues to be dominated by short tail products, most notably Motor and Property, especially in Slovenia. The company is able to leverage technical experience and data from its domestic market and has been consistently successful at underwriting these risks profitably. Product risk is also mitigated by a prudent utilization of reinsurance and retrocession.

Business Profile (Continued...)

Sava Re only writes property and casualty (P&C) reinsurance. It represented 16% of group's consolidated gross written premiums in 2018. Foreign reinsurance business is mainly sourced from high-growth markets across the world. Geographically, external reinsurance is sold mainly in Asia (48% of GWP), EU member states (22%), European non-EU states (7%), Russia and CIS (5%) and other countries (14%). Sava Re continues to maintain good profitability in Asia.

Prospectively, growth of the group's inwards reinsurance premiums will be focused within Africa and the Asian reinsurance markets. Sava Re partners with local players within the new markets, benefiting from their knowledge and expertise. Nonetheless, there remains some execution risk with this strategy due to Sava Re's developing profile outside Slovenia and the highly competitive nature of the global reinsurance market.

Outside of Slovenia, Sava Insurance Group operates in the non-life and life insurance markets of the South-east Europe (SEE), which accounted for approximately 15% of the consolidated GWP in 2018. These operations are spread across the countries of the former Yugoslavian states, which include Croatia, Serbia, Montenegro, North Macedonia and Kosovo. The group has increased its presence in these markets largely through acquisitions and is actively seeking opportunities to make further purchases in the near term. The targeted markets of the SEE are generally underdeveloped and as such are characterised by their low insurance penetration, weak regulatory regime, and political and economic instability. Additionally, the high costs and practical difficulties of transacting business in these markets constrain Sava Re's ability to compete profitably in the SEE. Despite the developmental challenges faced by the group, AM Best believes that growth outside Slovenia is likely to mirror the cautious approach taken in the domestic market, partly alleviating the execution risks inherent within Sava Re's expansionary plans in the SEE.

In half-year 2019, Gross premiums written totalled EUR 336.8 million, up 9.1% year on year. The growth in gross premiums written was contributed to by Slovenian non-life insurance business (9.5% growth), non-Slovenian non-life insurance (18.2% growth), reinsurance business (6.6% growth), Slovenian life insurance business (1.5% growth) and non-Slovenian life insurance (8.2% growth). Thus, in the first half of the year, the group wrote 60.7% of the premiums planned for 2019 and is on target to achieve (or exceed) its planned 2019 growth target.

Near-term growth is expected across all markets, driven primarily by the non-life Slovenian market and the international reinsurance markets.

Enterprise Risk Management

Sava Re's enterprise risk management (ERM) framework is deemed appropriate considering the complexity of the operations. The risk management function is centralised at the group level, headed by a dedicated CRO and filtered down to the operating entities level. The group has developed clear risk tolerances, monitoring tools and controls to support its underwriting and investment strategy. A framework for risk monitoring across subsidiaries was developed, including review of products, underwriting and claims handling, revising risk rules and guidelines across the group. All functions across Sava Re Group and operating entities are reviewed annually and are subject to an internal audit.

Sava Re has implemented its own risk and solvency assessment model (ORSA), which is partially based on standard formula, and established corresponding policies and guidelines in accordance with Solvency II requirements. A group-wide information reporting system is constantly enhanced to support the risk monitoring framework across subsidiaries. Regular risk assessments are undertaken to improve prioritisation of risks and to implement necessary measures. Additionally, Sava Re has established a business continuity framework. The group is also in the process of redefining appropriate committees to better serve the group's risk profile.

A modelling centre is established at group level and is involved in developing risk models using a dynamic financial analysis (DFA) tool in order to support business decisions for the core business, investments and other areas.

Reinsurance Summary

Sava Re's reliance on both reinsurance and retrocession is low, as evidenced by the group's retention ratio of 93% in its non-life business and 100% in its life business. The group uses a catastrophe model from an external provider to calculate its probable maximum loss (PML), including for earthquake and hailstorm catastrophe events. Sava Re buys catastrophe cover for a 1-in-500 year event, with hail/flood/earthquake representing the most severe events. Sava Re also purchases foreign catastrophe excess of loss protection for its international exposure, covering an event with a one-in-250-year return period.

Enterprise Risk Management (Continued...)

Sava Re has a conservative retrocession programme in place, limiting its maximum net per catastrophe exposures to EUR 5 million. The group uses a diversified panel of highly rated reinsurers and it requires all reinsurers to have a minimum rating of 'bbb+' in respect of its insurance needs for short-tailed risks and an 'a-' rating for long-tailed business. At year-end 2018 the majority of reinsurance recoverables were derived from reinsurers rated at least a-.



Financial Statements

	12/31/2018		12/31/2018
Balance Sheet	EUR (000)	%	USD (000)
Cash and Short Term Investments	111,874	6.6	128,067
Bonds	1,018,661	59.7	1,166,102
Equity Securities	64,661	3.8	74,020
Other Invested Assets	269,391	15.8	308,383
Total Cash and Invested Assets	1,464,587	85.9	1,676,571
Reinsurers' Share of Reserves	27,293	1.6	31,243
Debtors / Amounts Receivable	140,551	8.2	160,894
Other Assets	73,516	4.3	84,157
Total Assets	1,705,947	100.0	1,952,866
Unearned Premiums	184,102	10.8	210,749
Non-Life - Outstanding Claims	470,057	27.6	538,093
Life - Long Term Business	390,291	22.9	446,782
Life - Linked Liabilities	210,033	12.3	240,433
Other Technical Reserves	11,483	0.7	13,145
Total Gross Technical Reserves	1,265,966	74.2	1,449,202
Other Liabilities	99,805	5.9	114,251
Total Liabilities	1,365,771	80.1	1,563,453
Capital Stock	71,856	4.2	82,256
Retained Earnings	56,984	3.3	65,232
Other Capital and Surplus	210,786	12.4	241,295
Non-Controlling Interests	550	...	630
Total Capital and Surplus	340,176	19.9	389,413
Total Liabilities and Surplus	1,705,947	100.0	1,952,866

Source: BestLink® - Best's Financial Suite
US \$ per Local Currency Unit 1.14474 = 1 Euro (EUR)



Income Statement	Non-Life	Life	Other	12/31/2018	12/31/2018
	EUR (000)	EUR (000)	EUR (000)	Total EUR (000)	Total USD (000)
Gross Premiums Written	457,083	89,216	...	546,299	625,370

Net Premiums Earned	415,914	88,756	...	504,670	577,716
Net Investment Income	...	7,189	10,411	17,600	20,147
Realized capital gains / (losses)	...	533	1,413	1,946	2,228
Unrealized capital gains / (losses)	...	-165	-2,203	-2,368	-2,711
Other Income	14,653	2,950	...	17,603	20,151
Total Revenue	430,567	99,263	9,621	539,451	617,531
Benefits and Claims	236,758	61,174	...	297,932	341,055
Net Operating and Other Expense	170,347	27,454	-11,543	186,258	213,217
Total Benefits, Claims and Expenses	407,105	88,628	-11,543	484,190	554,272
Pre-Tax Income	23,462	10,635	21,164	55,261	63,259
Income Taxes Incurred	...	...	...	12,249	14,022
Net Income before Non-Controlling Interests	...	...	...	43,012	49,238
Non-Controlling Interests	...	...	...	221	253
Net Income/(loss)	...	...	...	42,791	48,985

Source: BestLink® - Best's Financial Suite
US \$ per Local Currency Unit 1.14474 = 1 Euro (EUR)

Related Methodology and Criteria

[Best's Credit Rating Methodology, 12/20/2018](#)

[Catastrophe Analysis in A.M. Best Ratings, 10/13/2017](#)

[Available Capital & Holding Company Analysis, 10/13/2017](#)

[Understanding Universal BCAR, 05/23/2019](#)

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

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BEST'S CREDIT REPORT

AMB #: 083846 - Pozavarovalnica Sava d.d.

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