

## RATING ANNOUNCEMENT

GCR upgrades Renasa Insurance Company Limited's national scale financial strength rating to A+(ZA) on improved earnings trend; Outlook Stable

### Rating action

Johannesburg, 28 November 2025 - GCR Ratings (GCR) has upgraded the national scale financial strength rating of Renasa Insurance Company Limited (Renasa or the insurer) to A+(ZA) from A(ZA), with the Outlook revised to Stable from Positive.

Rated entity	Rating class	Rating scale	Rating	Outlook
Renasa Insurance Company Limited	Financial Strength	National	A+(ZA)	Stable Outlook

### Rating rationale

The rating upgrade recognises the consistently improving earnings trend over the past two years, supporting a strengthening in capitalisation and sound liquidity. The rating derives uplift from implied support from Telesure Investment Holdings Proprietary Limited (TIH or the group), which is demonstrated by the capital support and integration of operations into the group.

Renasa's operations have been integrated into TIH's underwriting and claims management systems since the acquisition in 2023. This has helped to stabilise underwriting profitability over the past two years, reflected by a competitive combined ratio of 85% in the financial year ending 30 June 2025 (2024: 98%; 2023: 162%). This was complemented by interest income of ZAR104m (2024: ZAR92m) supporting a higher return on revenue of 21% for the year (2024: 10%). In this regard, sustained underwriting profitability that supports strong net profitability could further improve the earnings assessment over the outlook horizon.

Renasa's insurance revenue grew by 16% to ZAR2.8bn (USD160m) in the 2025 financial year, supported by organic growth across several business lines. The insurer's market share nevertheless remains limited at about 1.6% of domestic gross premiums. The book is dominated by two classes of business, with motor and property contributing 57% and 26% of gross and net premiums respectively, limiting diversification compared to larger competitors. However, we recognise management's strategic efforts to strengthen the overall business position of the insurer, which has been reflected by very strong growth and improved cost efficiencies during the review year.

Internal earnings supported a strengthening in capitalisation, reflected by a GCR capital adequacy ratio (CAR) of about 1.9x at 30 June 2025 (2024: 1.4x) compared to the very constrained levels historically. Similarly, the Solvency Capital Requirement (SCR) coverage ratio improved to 1.27x from just over 1x at 30 June 2023, reflecting a material improvement in buffers above the minimum regulatory requirement. This is likely to be

managed towards the group's current minimum targeted level of 1.35x over the near term, underpinned by accumulated earnings.

Liquidity also strengthened in financial year 2025, partly supported by a reduction in net insurance contract liabilities. The GCR liquidity ratio registered at 1.5x at 30 June 2025 (2024: 1.2x) and is expected to continue to be supported by positive cash flow generation. The ratio is nevertheless sensitive to potential dilution from business growth, with the coverage ratio projected to be between 1.3x and 1.6x over the next 12 to 18 months.

## Outlook statement

The Stable Outlook reflects our expectations that improved earnings will be sustained, supporting risk adjusted capitalisation and liquidity at rating sufficient levels. Competitive position is expected to remain relatively stable over the outlook horizon, although there are likely to be incremental improvements in market share over the longer term.

## Rating triggers

Upward rating movement could result if improved earnings are sustained, solidifying the cross cycle combined ratio at between 90% and 95% and maintaining liquidity coverage above 1.4x. Furthermore, an increase in the size of the insurer relative to the broader group could positively impact our analytical approach. Negative rating action could follow if earnings register below expectations over a sustained period, and this leads to a deterioration in the overall financial profile. A weakening in the group's credit profile could also impact our external support assessment.

## Analytical contacts

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## Related criteria and research

Criteria for the GCR Ratings Framework, May 2024  
Criteria for Rating Insurance Companies, May 2024  
GCR Ratings Scales, Symbols & Definitions, May 2023  
GCR Country Risk Scores, November 2025  
GCR Insurance Sector Risk Scores, October 2025

## Ratings history

Rensa Insurance Company Limited					
Rating class	Review	Rating scale	Rating class	Outlook	Date
Claims paying ability	Initial	National	BBB+(ZA)	Stable Outlook	September 2006
Financial strength	Last	National	A(ZA)	Positive Outlook	November 2024

## Risk score summary

Rating Components & Factors	Score
<b>Operating environment</b>	<b>14.50</b>
Country risk score	7.00
Sector risk score	7.50
<b>Business profile</b>	<b>(2.25)</b>
Competitive position	(2.25)
Sustainability	0.00
<b>Financial profile</b>	<b>0.00</b>
Earnings	(0.50)
Capitalisation	0.25
Liquidity	0.25
<b>Comparative profile</b>	<b>2.25</b>
External support	2.25
Peer comparison	0.00
<b>Total Risk Score</b>	<b>14.50</b>

## Glossary

Capital Adequacy	A measure of the adequacy of an entity's capital resources in relation to its risks.
Capital	The sum of money that is invested to generate proceeds.
Capitalisation	The provision of capital for a company, or the conversion of income or assets into capital.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Cash	Funds that can be readily spent or used to meet current obligations.
Combined Ratio	Measures the ability to conserve profits through the expense line.
Credit	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Dilution	A reduction in the amount of trade receivables due to: credit notes; returned goods, faulty goods et cetera.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Financial Year	The year used for accounting purposes by a company or government. It can be a calendar year or it can cover a different period, often starting in April, July or October. It can also be referred to as the fiscal year.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Liabilities	All financial claims, debts or potential losses incurred by an individual or an organisation.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Net Profit	Trading/operating profits after deducting the expenses detailed in the profit and loss account such as interest, tax, depreciation, auditors' fees and directors' fees.
Premium	The price of insurance protection for a specified risk for a specified period of time.
Property	Movable or immovable asset.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Underwriting	The process of selecting risks and classifying them according to their degrees of insurability so that the appropriate rates may be assigned. The process also includes rejection of those risks that do not qualify.
Upgrade	The rating has been raised on its specific scale.

### Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the rating was based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit rating has been disclosed to the rated entity.

The rating above was solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit rating included:

- Audited financial statements for the financial year ending 30 June 2025;
- Four years of comparative audited financial statements to 30 June;
- The annual statutory return to 30 June 2025;
- Exchange rate source: South African Reserve Bank (ZAR18.16/USD at 30 June 2025); and
- Other relevant information

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