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AM Best affirms BGRé rating

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AM Best has affirmed the financial strength rating of B++ (Good) and the long-term issuer credit rating of bbb+ (Good) of Black Gold Re Limited (BGRé) (Bermuda).

The outlook of these credit ratings is stable.

BGRé is a captive reinsurer of **Ecopetrol** S.A. (**Ecopetrol**), a Colombia-based oil and gas company that is 88.49 per cent owned by the Colombian government.

The ratings reflect BGRé's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management (ERM).

BGRé's balance sheet strength recognises the capital management strategy of the company and its ability to build up capital.

The company has low net underwriting leverage, creating a dependence on reinsurance, says AM Best. However, the associated risks are mitigated partly by a diversified mix of well-rated reinsurers.

AM Best expects BGRé to maintain a capital buffer as it continues to adjust its risk appetite to the reinsurance needs of its parent company and navigate current reinsurance market conditions.

BGRé's operating performance is characterised by profitable technical results, backed by underwriting principles and revenue from ceding commissions and premium from company retentions, according to AM Best.

Historically, the company has had very few and minor retained claims due to the "appropriateness" of its reinsurance programme.

AM Best considers the company's business profile as neutral. BGRé has access to a scope of insured risks, given the relevance of **Ecopetrol** to the oil and gas industry in the Americas. However, the company's underwriting risks are concentrated in Colombia.

BGRé's ERM is well-integrated within **Ecopetrol** and is important to the group as a cost-effective risk management tool, AM Best adds.

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