

Research Update:

Kazakhstan-Based Oil Insurance Company Upgraded To 'BB-' On Stable Performance; Outlook Stable

June 25, 2025

Overview

- We believe Oil Insurance Co. JSC's performance has been solid over 2024 to mid-2025, with a combined ratio on par with that of peers.
- We also continue to expect the company will maintain steady capital adequacy with sufficient buffers above the 99.5% level.
- We therefore raised our ratings on Oil Insurance Co. JSC to 'BB-' from 'B+'.
- The stable outlook reflects our expectation that Oil Insurance Co. will maintain a sufficient capital buffer above the 99.5% benchmark in our model while retaining its market share and demonstrating profitable operating performance.

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Rating Action

On June 25, 2025, S&P Global Ratings raised its long-term issuer credit and insurer financial strength ratings on Kazakhstan-based Oil Insurance Company JSC to 'BB-' from 'B+'. The outlook is stable.

At the same time, we raised our Kazakhstan national scale rating on the company to 'kzA-' from 'kzBBB+'.

Rationale

We expect Oil Insurance Company will continue its steady performance seen over 2024. Its net combined ratio under International Financial Reporting Standard-17 slightly improved to 83.2% in 2024 from 86.4% in 2023, and the company continued demonstrating a solid investment yield of over 10%, something we expect to continue. As of year-end 2024, Oil Insurance Company maintained solid capital buffers redundant at the 99.8% confidence level under our model. While the regulatory solvency margin dropped below 1.5x in early 2025, we understand it has been on its track to recover, reaching 1.4x by June 1, 2025.

We believe that Oil Insurance Company will maintain sufficient capital buffers over 2025-

2027. Capital adequacy is projected to remain at the 99.5% confidence level. This is despite our projections of some modest deterioration of underwriting performance that we incorporate in our projections (85-86% for 2025-2027 compared with 83% in 2024) owing to weaker performance of obligatory motor third-party liability insurance in Kazakhstan as a result of the existing trend reflecting tariff increases lagging the cost of spare parts. These projections are contingent on dividend payouts but, given Oil Insurance Company's growth projections, we expect it to retain more than 55% of its net profits, given the need to adhere to its solvency target of 1.5x.

We expect Oil Insurance Company to maintain the high quality of its investment portfolio.

Bonds rated 'BBB-' and above represented about 80% of the portfolio as of May 1, 2025, and we don't expect this to change. We envisage a strong supply of government-related entity issuance in Kazakhstan over the next few years while the decrease in rates--and consequently the incentive to seek speculative-grade bonds--will be modest, considering revised mid-term inflation forecasts.

Outlook

The stable outlook reflects our expectation that Oil Insurance Co. will maintain a sufficient capital buffer above the 99.5% benchmark in our model while maintaining its market share and demonstrating profitable operating performance.

Downside scenario

We can take a negative rating action on Oil Insurance Co over the next 12 months if:

- Its capital adequacy deteriorates for an extended period below the 99.5% benchmark, which could occur, for example, as a result of aggressive growth, high underwriting or investment losses, or lower-than-expected retained earnings; or
- Oil Insurance Co's competitive position weakens, for example, if its combined ratio sustainably exceeds 100% due to prolonged deterioration of operating performance, or if premium volumes materially decline, signifying loss of market share.

Upside scenario

We are unlikely to take a positive rating action in the next 12 months. This is because, even if we were to see stronger capital buffers at Oil Insurance Co, its capital is unlikely to exceed US\$25 million, a level we would typically associate with stronger capital assessments.

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Rating Component Scores	To	From
Business Risk Profile	Weak	Weak
Competitive position	Fair	Fair
IICRA	Moderately high risk	Moderately high risk
Financial Risk Profile	Fair	Fair
Capital and earnings	Satisfactory	Satisfactory
Risk exposure	Moderately high	Moderately high
Funding structure	Neutral	Neutral
Anchor	bb-	bb-
Modifiers		
Governance	Neutral	Neutral
Liquidity	Adequate	Adequate
Comparable rating analysis	0	-1
Current Credit Rating		
Local currency financial strength rating	BB-/Stable/--	B+/Positive/--
Foreign currency financial strength rating	--	--
Local currency issuer credit rating	BB-/Stable/--	B+/Positive/--
Foreign currency issuer credit rating	--	--

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: National And Regional Scale Credit Ratings Methodology](#), June 8, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Kazakhstan Affirmed At 'BBB-/A-3'; Outlook Stable](#), Feb. 21, 2025
- [Insurance Industry And Country Risk Assessment: Kazakhstan Property/Casualty](#), Nov. 14, 2024

Ratings List

Ratings list

Upgraded; Outlook Action

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Ratings list

	To	From
Oil Insurance Co. JSC		
Issuer Credit Rating		
Local Currency	BB-/Stable/--	B+/Positive/--
Financial Strength Rating		
Local Currency	BB-/Stable/--	B+/Positive/--
Upgraded		
	To	From
Oil Insurance Co. JSC		
Issuer Credit Rating		
Kazakhstan National Scale	kzA-/--/--	kzBBB+/-/--

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