

# Fitch Ratings

## Fitch Affirms 8 South African Insurers Following Notching Review

---

**Link to Fitch Ratings' Report:** South Africa Insurance Notching Reivew - Rating Action Report ([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=869253](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869253))

Fitch Ratings-Johannesburg/London-31 July 2015: Fitch Ratings has affirmed eight insurance groups based in South Africa or focused exclusively in the country following the application of its recently updated notching criteria for the insurance industry. A full list of rating actions is available at [www.fitchratings.com](http://www.fitchratings.com) or by clicking the link above.

The purpose of the review was to identify any ratings that should be changed as a result of the application of the updated notching criteria.

Fitch published updated insurance notching criteria on 14 July 2015, following publication of an initial exposure draft of proposed criteria on 12 May 2015. The updated notching criteria appear in Section VI of the insurance master criteria report Insurance Rating Methodology.

Notching refers to the practice of establishing a given rating relative to a defined "anchor" rating, using guidelines linked to certain characteristics of the rating that is being notched. For Fitch's insurance ratings, the Insurer Financial Strength (IFS) rating is the initial anchor rating, and other ratings that are notched relative to it include Issuer Default Ratings (IDRs) of operating and holding companies, and debt/hybrid obligation ratings.

Fitch updated its notching criteria in light of changes in the regulatory landscape, including the movement in Europe and other jurisdictions, such as South Africa, to Solvency 2 or a Solvency 2-type regulatory framework. As a result, from a global perspective, notching changes are more pronounced in Europe and other such jurisdictions, and more limited in the US and similarly regulated countries.

### KEY RATING DRIVERS

For this review, the key rating driver was the impact of updated notching criteria. For the Key Ratings Drivers for a specific entity, see the most recently published Rating Action Commentaries or research reports.

### RATING SENSITIVITIES

Not applicable to this portfolio review given its limited focus on implementation of updated notching criteria. For the Rating Sensitivities for a specific entity, see the most recently published Rating Action Commentaries or research reports.

## SUMMARY OF RATING ACTIONS

A link to a summary report that details all of the ratings actions taken as part of the portfolio review is available by clicking the link above.

The linked summary report includes:

- A full list of ratings and related rating actions
- A hyperlink to each rated entity's ratings summary page on Fitch's website
- Primary analyst and secondary analyst contact information
- Participation status

The review has resulted in all ratings being affirmed.

## LIMITATIONS

The portfolio review was limited in scope, and only included an assessment of updated notching criteria as outlined in Section VI (Notching: Debt, Hybrid, IFS Rating and Holding Companies) of Fitch's insurance master criteria. None of the factors outlined in Section I (Key Rating Factors) of the master criteria, or any other elements discussed in the master criteria, were reviewed. Where relevant, Fitch considered the appropriateness of the relative ranking of ratings in the South African insurance sector, after initial consideration of updated notching guidelines, as part of the portfolio review.

Contact:

Committee Chairperson

Chris Waterman

Managing Director

+44 20 3530 1168

Media Relations: Elaine Bailey, London, Tel: +44 203 530 1153, Email:

[elaine.bailey@fitchratings.com](mailto:elaine.bailey@fitchratings.com).

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

- (a) No part of the rating 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;
- (c) Such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

## Applicable Criteria

Insurance Rating Methodology (pub. 14 Jul 2015)

([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=868367](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=868367))

**Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form

([https://www.fitchratings.com/creditdesk/press\\_releases/content/ridf\\_frame.cfm?pr\\_id=988828](https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=988828))

Solicitation Status ([https://www.fitchratings.com/gws/en/disclosure/solicitation?pr\\_id=988828](https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=988828))

Endorsement Policy (<https://www.fitchratings.com/jsp/creditdesk/PolicyRegulation.faces?context=2&detail=31>)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS.

PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK:

[HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings)

(<http://fitchratings.com/understandingcreditratings>). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

**ENDORSEMENT POLICY** - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (<https://www.fitchratings.com/regulatory>) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.