

## **FITCH PUBLISHES VIVAT'S IDR AT 'BBB-'; OUTLOOK POSITIVE**

Fitch Ratings-London-25 May 2016: Fitch Ratings has published VIVAT NV's (VIVAT) Issuer Default Rating (IDR) at 'BBB-'. The agency has simultaneously affirmed VIVAT's insurance entities, SRLEV N.V.'s and REAAL Schadeverzekeringen N.V.'s (together, VIVAT Insurance), Insurer Financial Strength (IFS) ratings at 'BBB'. The Outlooks are Positive.

### **KEY RATING DRIVERS**

VIVAT's IDR is one notch below the IFS ratings of VIVAT Insurance, consistent with Fitch's standard notching practices. The regulatory environment of the Netherlands is assessed by Fitch as 'Effective', and is classified as following a Group Solvency approach. As a result, no notching was applied between the implied IDRs of VIVAT Insurance and the IDR of VIVAT.

The affirmation of VIVAT Insurance's ratings reflects VIVAT's strong solvency position, lower financial leverage and low, but improved, profitability in 2015. The ratings also benefit from a renewed strategic focus under the ownership of China-based Anbang Group Holdings Co. Ltd (Anbang), and a strong franchise in the Dutch insurance market.

The Positive Outlook reflects Fitch's expectations that VIVAT will improve its earnings and debt servicing capabilities through operational efficiencies, portfolio adjustments, a re-branding and streamlining its distribution channels.

Fitch believes that the regulatory framework in which VIVAT operates ring-fences its capitalisation and protects policyholders due to restrictions on the minimum capital position and dividend payments.

### **RATING SENSITIVITIES**

VIVAT Insurance's ratings could be upgraded if the companies return to profitability in line with the 'BBB' rating category, for example, if Fitch expects a return on equity of above 3% on a sustained basis (5.4% in 2015), while maintaining overall capital strength.

VIVAT Insurance's ratings may be downgraded on material losses in 2016, or if the group regulatory solvency ratio on a Solvency II basis falls below 150% (approximately 160% at end-2015).

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#### Applicable Criteria

Insurance Rating Methodology (pub. 17 May 2016)

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