

# The Litmus Rating Review

## International Reinsurance, Commercial and Specialty Lines Edition

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### Overview—Generali's Rating

Economic commentators (or at least those with an 'Anglo-Saxon' mentality) have been stressing for a long time that the Eurozone crisis had merely been postponed, not solved, by Mario Draghi's 'do whatever it takes' speech. They view the real problem as being large, structurally uncompetitive, economies locked into a currency union with a large, highly competitive, one (Germany).

The debate around what to do about that should not detain us here but, suffice to say, none of the different flavours of a potential solution (money printing by the ECB, stimulation to boost German domestic demand, supply side reform in France and Italy) is happening with anything like the degree of scale that their proponents say is necessary. Plus a debt deflation trap looms.

S&P has downgraded Italy to 'BBB-' and hence Generali to 'BBB+'. For brokers and buyers looking for 'A-' or better paper that again raises the issue that had gone away when S&P first allowed Generali's rating to rise above the Sovereign back in March (the 'A-' then had been on negative CreditWatch following Italy's July 2013 downgrade to 'BBB' while S&P conducted its sovereign stress test).

S&P allows Generali's rating to be two notches above the sovereign. For a non-life insurer S&P allows a maximum of four notches but Generali's life business and overall Italian exposure limits this. The 'indicative' rating (absent the sovereign constraint) is 'a'. We discussed the background to S&P's approach to sovereign stress tests in our blog of [24th March 2014](#).

The rating is a prime example of what are known in the capital markets as 'split ratings', in this case ranging from Best with an 'a, stable', via Fitch at 'A-, stable' to Moody's - and now S&P - on 'Baa1/BBB+, stable'.

One way to look at that is our Litmus Composite Score (LCS; see page 2). Generali's four solicited financial strength ratings and their outlooks now equate to an average score of 75, which maps to the 'A-' rating level with a negative outlook. So by our calculation, on average Generali remains within the 'A range', albeit narrowly.

We discuss the variances in the agency approaches to ratings further in this edition's Commentary, including the different reactions to Renaissance Re's ('Ren Re's') agreement to acquire Platinum.

Litmus Score Averages as at 17/12/2014						
	S&P			A.M. Best		
	Mean LS <sup>1</sup>	Mean Rating	RI <sup>2</sup>	Mean LS <sup>1</sup>	Mean Rating	RI <sup>2</sup>
<i>Commercial Majors</i>						
<b>Total Cohort</b>	<b>85.6</b>	<b>A+</b>	<b>R6</b>	<b>86.9</b>	<b>aa-</b>	<b>R2</b>
Dual Rated Only	85.7	A+	R6	86.9	aa-	R2
<i>Reinsurance Majors</i>						
<b>Total Cohort</b>	<b>86.4</b>	<b>AA-</b>	<b>R2</b>	<b>88.0</b>	<b>aa-</b>	<b>R4</b>
Dual Rated Only	86.4	AA-	R2	88.0	aa-	R4
<i>L-Zebedees</i>						
<b>Total Cohort</b>	<b>80.3</b>	<b>A</b>	<b>R4</b>	<b>82.6</b>	<b>a+</b>	<b>R2</b>
Dual Rated Only	80.3	A	R4	83.1	a+	R3

<sup>1</sup>LS=Litmus Score

<sup>2</sup>RI = Resilience Indicator

For a detailed explanation of our methodology please visit [The Litmus Website](#).

To ensure you receive your free copy of the LRR each month contact us -

[papers@litmusanalysis.com](mailto:papers@litmusanalysis.com)

## Recent Litmus Blogs

[‘The end of the life of pi’ \(the demise of unsolicited ratings\)](#)  
(6 November 2014)

[The Heat is On](#) (21 October 2014)

[Mutual Appreciation—a rating agency conundrum](#)  
(31 July 2014)

[Why is the current pricing pain not yet impacting reinsurer ratings?](#) (17 July 2014)

[Aspen & Endurance; Spot the performance difference?](#)  
(2 July 2014)

## Litmus Guides

[The Litmus Ratings Guide; Non-Life Re/Insurers](#)  
(10 March 2014) Covers various issues ratings users should be aware of for effective and appropriate use of ratings.

[The Litmus First XI—Top Tips for Managing the Relationship with your Rating Agency](#)  
(15 September 2013) A summary reference guide to the most common issues we see when re/insurers feel their rating is not what they deserve.

[The Litmus Analysis Quick Reference Guide To Non-Life Re/Insurer Key Metrics and Ratios](#)  
(12 September 2013)  
A straight-forward summary of how the most commonly used ratios are calculated and why they are used, including our guide to ‘whether a higher number is better or worse’.

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## The make-up of the ‘Litmus Rating Review’ (‘LRR’) cohorts

The three cohorts covered within the LRR are chosen to provide a representative picture of the credit profile of the international large commercial lines, reinsurance & specialty lines sectors. As the LRR is a ratings-focussed publication the nature of each group’s business profile as that relates to ratings plays a role in its inclusion overall and the cohort it is assigned to. Each named group or sub-group has a ‘group reference carrier’ (GRC) selected by us whose rating we believe best represents the group’s credit profile for the relevant sector. A group or sub-group may be represented in more than one cohort.

### The ‘Commercial Majors’

Groups with substantial international commercial lines operations, typically active in providing ‘global programs’.

### The ‘Reinsurance Majors’

Either non-life reinsurance groups that we regard as inherently global (including those who also write material amounts of life reinsurance business) or those globally active primary groups with material ‘third-party’ reinsurance operations.

### The ‘L-Zebedees’

Either groups whose operations are highly orientated to the kind of reinsurance and speciality business written in the major hubs of London, Zurich, Bermuda, Dublin or Singapore OR sub-groups who fit this profile and who appear operationally or financially discrete from the total group profile (Odyssey Re and Sirius International being examples of the latter).

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## Litmus Composite Score (LCS) Methodology

### Overview

The LCS is a method of averaging the ratings from a number of rating agencies. Please note that it is not a rating and involves no rating analysis from Litmus; we simply provide the averaging methodology.

We begin by producing the Litmus Score (LS). This translates each agency’s Financial Strength Rating (FSR) on the quoted carrier to a numerical score. The exact score assigned reflects both the rating and the rating outlook. As A.M. Best uses a different rating scale from the other rating agencies for their FSRs, we use the A.M. Best issuer credit rating (ICR) assigned to the carrier (and its outlook).

Where ratings from more than one agency exist we then produce the Litmus Composite Score (LCS) and map that back to the rating scale used by Fitch and S&P.

In the event that the LCS comes out at a point equidistant from the relevant ratings scale mappings (eg, as with an LCS outcome of 86 being two points away from both the AA– and A+ mappings), meaning there is no clear outcome for the LCS, we apply our ‘tiebreak’ criteria.

For further details on the LS and LCS calculations, mapping tie-breakers and the use of A.M. Best ICRs please see [The Litmus Ratings Review Methodology](#).

## Ratings Round-up, LS and LCS outcomes - Reinsurance Majors

Ratings as at 17/12/14

Group	Group Reinsurance Reference Carrier	Domicile	LC/LCS	Single or Average Rating	Rating/LCS Outlook or Watch	Ratings Source (LCS=Average)	LCS Tiebreak Applied	LCS Resilience Indicator	AM Best	Fitch	Moody's	S&P	LUCID				
Rating (LS) or Average Rating (LCS)						Individual Agency Rating/Outlooks/Watches											
Ace	Ace Tempest Reinsurance Ltd	BM	92.0	AA	Sta	LCS		R4	aa+	Sta	AA	Sta	Aa3	Sta	AA	Sta	ACEG/A14554A
Alleghany	Transatlantic Reinsurance Co	US	84.3	A+	Sta	LCS		R4	a+	Pos	A+*	Sta	A1	Sta	A+	Sta	ALLE/A1213A
Berkshire Hathaway	National Indemnity Co	US	97.3	AA+	Pos	LCS		R6	aaa	Sta	AA+*	Sta	Aa1	Sta	AA+	Sta	BEHA/A2374A
Everest Re	Everest Reinsurance Co	US	85.3	A+	Pos	LCS		R6	aa-	Sta	NR		A1	Sta	A+	Sta	EVER/A1756A
HDI	Hannover Ruckversicherung SE	DE	88.0	AA-	Sta	LCS		R4	aa-	Sta	AA-*	Sta	NR		AA-	Sta	HDIG/A2565A
Mapfre	Mapfre Re, Compania de Reaseguros SA	ES	80.0	A	Sta	LCS		R4	a	Sta	A-*	Sta	NR		A	Sta	MAPF/A2319A
Munich Re	Munich Reinsurance Co	DE	88.0	AA-	Sta	LCS		R4	aa-	Sta	AA-	Sta	Aa3	Sta	AA-	Sta	MUNR/A2234A
Partner Re	Partner Reinsurance Co	BM	86.0	AA-	Neg	LCS	P/T	R1	aa-	Sta	AA-	Sta	A1	Sta	A+	Sta	PART/A1957A
QBE	QBE Reinsurance Corp	US	81.7	A	Pos	LCS		R6	a	Neg	A+	Neg	NR		A+	Neg	QBEG/A2544A
SCOR	SCOR Global P&C SE	FR	84.5	A+	Pos	LCS		R5	a+	Sta	A+	Pos	A1	Sta	A+	Pos	SCOR/A2437A
Swiss Re	Swiss Reinsurance Company Ltd	CH	88.0	AA-	Sta	LCS		R4	aa-	Sta	A+*	Pos	Aa3	Sta	AA-	Sta	SWRE/A1798A
Tokio Marine	Tokio Millenium Re AG	CH	91.5	AA	Neg	LCS		R3	aa+	Sta	NR		NR		AA-	Neg	TOMA/A2016A
XL	XL Re Ltd	BM	83.0	A+	Neg	LCS		R2	a+	Sta	A+	Sta	A2	Sta	A+	Sta	XLGR/A2200A

\*Indicates an 'unsolicited' rating. For consistency reasons these are not used in LS or LCS calculations where one or more 'solicited' ratings exist. Please note this does not imply any view taken by Litmus as to the validity of 'unsolicited' ratings.

Ratings can and do change and we strongly advise readers to check with the relevant agency websites for the latest information and the relevant rating definitions.

Where a rating, outlook or review status has changed since the date noted above Litmus will be pleased to consider recalculating the LS, LCS and RI privately for any LRR reader on request. This is a complimentary service and we are pleased to offer this wherever practical, however it is subject to our other commitments and availability.

Litmus has not sought any endorsement from the rating agencies for the LS and LCS calculation methodology and results. Nor do we offer an endorsement of the ratings quoted here.

Please note that the Litmus Scores are not ratings; Litmus Analysis Limited is not a rating agency.

Ratings Round-up, LS and LCS outcomes - Commercial Majors														Ratings as at 17/12/14			
Group	Group Commercial Lines Reference Carrier	Domicile	LC/LCS	Single or Average Rating	Rating/LCS Outlook or Watch	Ratings Source (LCS=Average)	LCS Tiebreak Applied	LCS Resilience Indicator	AM Best		Fitch		Moody's		S&P		LUCID
Rating (LS) or Average Rating (LCS)									Individual Agency Rating/Outlooks/Watches								
Ace	ACE European Group Ltd	UK	94.0	AA	Pos	LCS	N/T	R7	aa+	Sta	NR		NR		AA	Sta	ACEG/A1405A
AIG	AIG Property Casualty Co	US	82.0	A	Pos	LCS	N/T	R7	a	Sta	A	Sta	A1	Sta	A+	Sta	AIGG/A1284A
Allianz	Allianz Global Corporate & Specialty SE	DE	90.0	AA	Neg	LCS	P/T	R1	aa-	Sta	NR		NR		AA	Sta	ALLI/A1442A
AVIVA	Aviva Insurance Ltd	UK	84.0	A+	Sta	LCS		R4	a+	Dev	NR		A1	Sta	A+	Sta	AVIV/A2652A
Axa	AXA Corporate Solutions Assurance	FR	86.5	AA-	Neg	LCS		R6	NR	NR	AA-	Sta	NR		A+	Pos	AXAG/A4297A
Chubb	Federal Insurance Co	US	93.3	AA	Pos	LCS		R6	aa+	Pos	AA	Sta	Aa2	Sta	AA	Sta	CHUB/A1708A
Generali	Assicurazioni Generali SpA	IT	75.0	A-	Neg	LCS		R2	a	Sta	A-	Sta	Baa1	Sta	BBB+	Sta	GENR/A3509A
HDI	HDI-Gerling Industrie Versicherung AG	DE	84.0	A+	Sta	LCS		R4	a+	Sta	NR		NR		A+	Sta	HDIG/A2366A
Lloyd's	N/A	N/A	85.7	A+	Pos	LCS		R6	a+	Pos	AA-	Sta	NR		A+	Sta	N/A
Mapfre	Mapfre Global Risks Compania Internacional SA	ES	77.7	A-	Pos	LCS		R6	a	Sta	A-*	Sta	Baa1	Pos	A	Sta	MAPF/A2275A
QBE	QBE Insurance (Europe) Ltd	UK	81.7	A	Pos	LCS		R6	a	Neg	A+	Neg	NR		A+	Neg	QBEG/A2131A
Travelers	Travelers Indemnity Co	US	93.0	AA	Pos	LCS		R6	aa+	Sta	AA	Sta	Aa2	Sta	AA	Sta	TRAV/A3892A
Tokio Marine	Tokio Marine & Nichido Fire Insurance Co	JP	90.0	AA-	Pos	LCS	N/T	R7	aa+	Sta	AA-*	Neg	Aa3	Neg	AA-	Neg	TOMA/A2317A
XL	XL Insurance (Bermuda) Ltd	BM	83.0	A+	Neg	LCS		R2	a+	Sta	A+	Sta	A2	Sta	A+	Sta	XLGR/A3035A
Zurich	Zurich Insurance Company Ltd	CH	88.3	AA-	Sta	LCS		R4	aa-	Sta	AA-*	Sta	Aa3	Sta	AA-	Pos	ZURI/A3936A

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## Ratings Round-up, LS and LCS outcomes - L-Zebedees

Ratings as at 17/12/14

Group or Sub-Group	Group or Sub-Group Reference Carrier	Domicile	LC/LCS	Single or Average Rating	Rating/LCS Outlook or Watch	Ratings Source (LCS=Average)	LCS Tiebreak Applied	LCS Resilience Indicator	Individual Agency Rating/Outlooks/Watches								
									AM Best	Fitch	Moody's	S&P	LUCID				
Arch	Arch Reinsurance Ltd	BM	85.3	A+	Pos	LCS		R6	aa-	Sta	A+	Pos	A1	Sta	A+	Sta	ARCH/A1412A
Argo	Argonaut Insurance Co	US	78.0	A	Neg	LCS	P/T	R1	a	Sta	NR		NR		A-	Sta	ARGO/A1344A
Allied World	Allied World Assurance Co	BM	81.3	A	Pos	LCS		R6	a+	Sta	A+*	Sta	A2	Sta	A	Sta	AWAC/A2272A
Amlin	Amlin AG	CH	82.0	A	Pos	LCS	N/T	R7	a+	Sta	A+	Sta	A2	Sta	A	Sta	AMLN/A1118A
Aspen	Aspen Insurance UK Ltd	UK	80.0	A	Sta	LCS		R4	a	Sta	NR		A2	Sta	A	Sta	ASPE/A1435A
Axis	AXIS Specialty Ltd	BM	84.0	A+	Sta	LCS		R4	aa-	Sta	A+*	Sta	A2	Sta	A+	Sta	AXIS/A2433A
Beazley	Beazley Insurance Co	US	80.0	A	Sta	AMB		R4	a	Sta	NR		NR		NR		BEAZ/A4417A
Canopus***	Canopus US Insurance Inc	US	76.0	A-	Sta	AMB		R4	a-	Sta	NR		NR		NR		BREG/A4441A
Catlin	Catlin Insurance Company Ltd	BM	80.0	A	Sta	LCS		R4	a	Sta	NR		NR		A	Sta	CATL/A1692A
Endurance	Endurance Specialty Insurance	BM	78.7	A	Neg	LCS		R2	a	Sta	NR		A3	Sta	A	Sta	ENDU/A1958A
HCC	Houston Casualty Company	US	90.0	AA	Neg	LCS	P/T	R1	aa	Sta	AA	Sta	A1	Sta	AA	Sta	HCCG/A3685A
Hiscox	Hiscox Insurance Company	UK	82.7	A+	Neg	LCS		R2	a+	Sta	A+	Sta	NR		A	Sta	HISC/A2528A
Ironshore	Ironshore Insurance Limited	BM	76.0	A-	Sta	LCS		R4	a	Sta	NR		Baa1	Sta	NR		IRON/A2757A
Lancashire	Lancashire Insurance Co	BM	77.7	A-	Pos	LCS		R6	a	Pos	NR		A3	Sta	A-	Sta	LANC/A2448A
Lloyd's	N/A	N/A	85.7	A+	Pos	LCS		R6	a+	Pos	AA-	Sta	NR		A+	Sta	N/A
Maiden	Maiden Reinsurance Ltd**	BM	74.0	A-	Neg	LCS	P/T	R1	a-	Pos	NR		NR		BBB+	Neg	MAID/A1999A
Markel	Markel Insurance Company	US	81.5	A	Pos	LCS		R6	a+	Sta	A	Pos	A2	Sta	A	Pos	MARK/A3716A
Montpelier	Montpelier Reinsurance Ltd	BM	78.3	A	Neg	LCS		R2	a	Sta	A	Neg	NR		A-	Sta	MONT/A2090A
Navigators	Navigators Insurance Co	US	82.0	A+	Neg	LCS	P/T	R1	a+	Sta	NR		NR		A	Sta	NAVI/A4468A
Odyssey Re***	Odyssey Reinsurance Co	US	78.7	A	Neg	LCS		R2	a+	Sta	NR		A3	Sta	A-	Sta	FAIR/A1855A
Platinum	Platinum Underwriters Bermuda Ltd	BM	78.5	A	Neg	LCS		R2	a	Dev	NR		NR		A-	Pos	PLAT/A2336A
Renaissance	Renaissance Reinsurance Ltd	BM	86.0	AA-	Neg	LCS	P/T	R1	aa-	Neg	A+*	Sta	A1	Neg	AA-	Sta	RENR/A1894A
Sirius International***	Sirius International Insurance Corporation	SW	78.0	A-	Pos	LCS	N/T	R7	a	Sta	A	Sta	A3	Sta	A-	Sta	WHMO/A2259A
Validus	Validus Reinsurance Ltd	BM	79.3	A	Neg	LCS		R3	a	Sta	A	Sta	A3	Pos	A	Sta	VALU/A1992A
W R Berkley	Berkley Insurance Co	US	84.0	A+	Sta	LCS		R4	aa-	Sta	A*	Sta	A2	Sta	A+	Sta	WRBE/A1759A

\*Indicates an 'unsolicited' rating. For consistency reasons these are not used in LS or LCS calculations where one or more 'solicited' ratings exist. Please note this does not imply any view taken by Litmus as to the validity of 'unsolicited' ratings.

\*\*Name change from 'Maiden Insurance Company' (May 2014)

\*\*\*These are sub-groups of the ultimate parent group. See 'Cohort make-up' for description.

Ratings can and do change and we strongly advise readers to check with the relevant agency websites for the latest information and the relevant rating definitions.

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## The Litmus Commentary—Renaissance Re(‘Ren Re’)/Platinum

### Divergent views on Ren Re’s acquisition of Platinum

A common complaint about the world of ratings is a lack of competition; though that is hardly the fault of the established agencies themselves. But it begs the question as to what a desire for greater competition actually means?

For rated firms it potentially limits agency pricing power when setting their rating fees. But the cost of the rating is rarely the key issue for a firm when deciding to get rated or selecting an agency. Moreover the call for this tends to be more fundamentally about the fact that it would simply be a good thing to have a wider plurality of views.

The logical conclusion of this is that seeing differences between the agencies on any given firm’s rating is a positive. We would certainly agree, though the financial media do not always treat it that way.

However, two key aspects of how (re)insurance markets use ratings can make this a challenge in practice. First, the set of criteria for ‘acceptable’ market security is often set in binary rating terms; above a given level, OK; below that level, not OK.

We would argue that often makes no real sense (not least in how it ignores the time period over which the credit risk is being taken on different lines of business), but nonetheless, for an industry which is otherwise often not that well informed about ratings, it is seen by many as the most straightforward approach.

Second is the use of ‘rating triggers’, most commonly in reinsurance. There is no reason in theory that these can’t cope with ‘split’ ratings, it’s just a question of getting the necessary degree of definitional detail into the wordings about how this scenario is treated.

The two most obvious approaches are either to use the ‘highest/lowest’ rating from any of a list of named agencies in defining the ‘trigger event’, or to use a rating average.

Clearly we think there is merit in the latter as a general concept; hence the Litmus Composite Scores. Though whether rating triggers themselves are the best solution to the issue they seek to address is a different discussion.

As the tables in the LRR show, ‘split’ ratings are in fact common, at least over a one or two rating notch range.

Less common is where the agencies seem to have a different reaction to the same issue.

We are seeing that now as a result of Ren Re’s agreement to

buy Platinum. Platinum is rated only by Best and S&P and, prior to the acquisition announcement, was rated ‘a, stable’ and ‘A-, stable’, respectively.

As so often, the rating level – and the rating difference – was driven not by capital adequacy but the business and management related parts of the analysis.

Despite Platinum’s strong track record S&P has always been rather grudging about its assessment of the ‘ERM & Management’ rating factor. This leads it to select the ‘A-’ rather than ‘A’ rating option that its criteria could otherwise support.

The agency now has Platinum on ‘CreditWatch positive’ citing both the strong fit with Ren Re’s strategy of moving into casualty lines and the potential enhancements to its ERM that becoming part of Ren Re will support. The rating upside potential is described as up to two notches (to A+).

Reading between the lines this probably means a good chance of S&P assigning a new rating based on ‘strategic importance’ once the deal is closed (rather than an ongoing stand-alone rating simply enhanced by Ren Re’s operational strengths, which would be more consistent with a one notch uplift).

Best, by contrast, has placed Platinum’s rating ‘under review, developing’. The ‘developing’ means the rating could go up, stay the same, or go down.

Driving the downside view from Best is what it sees as uncertainty around the plans for the business and the risk of losing key personnel.

Moreover, Best has put Ren Re’s ‘aa-’ ‘under review with negative implications’ (whereas S&P has affirmed its ‘AA-’ rating of the group). Best is concerned that the group is moving further away from its core knowledge base into casualty and that either earnings quality or capital adequacy could be impacted. S&P views the acquisition as consistent with, and supportive of, Ren Re’s strategy.

In the arcane world of ratings these are very different reactions from the two agencies. The rating process routinely involves ongoing and detailed discussions with rated firm leaderships around their strategy and plans, yet S&P’s reaction to this is pretty unequivocally positive, whereas Best clearly has some material doubts.

Fitch meantime affirmed its unsolicited 'A+' on Ren Re while Moody's also affirmed its 'A1' (analogous to 'A+') but moved it to a negative outlook seeing the further move into casualty as defensive.

It is possible that Ren Re and Best did not have time to discuss the detail of the acquisition before the announcement. If this speculation is correct, then the outcome would be a good example of the importance of

keeping rating agencies 'in the loop' when major actions are on the cards; otherwise the agency is in the difficult position of having to react to information in the public domain before it has had the opportunity to properly discuss it with the group and/or evaluate what they have been told.

We should stress though that is just speculation on our part, but, whatever the reason, the downside element from the 'developing' review on Platinum in particular surprises us.

## Individual Agency Activity

**Unless otherwise stated ratings and outlooks refer to the financial strength ratings (or issuer credit ratings for A.M. Best) of the named group's 'core' carriers (see [our Ratings Guide](#) for a fuller description). Reasons given for agency actions are our interpretation of the agencies' comments and criteria, not our own analytical views.**

### A. M. Best

Following the announcement of the agreed acquisition of Platinum by Ren Re its 'aa-' rating has been placed on 'under review, negative' while Platinum's 'a' rating is 'under review, developing'.

Best cites concerns around the move by Ren Re into casualty and associated issues with earnings quality and capital adequacy as the basis for the reviews, plus the risk of departures from Platinum.

AVIVA's 'a+' was put 'under review, developing' while the agency reviews the implications of the Friends Life acquisition.

XL was raised to 'a+, stable' reflecting continued enhancements in the underwriting operations and ERM.

### Fitch

Fitch joined the other three agencies in formally moving the reinsurance sector's ratings outlook to negative, highlighting in particular a concern about the London Market.

The agency affirmed its unsolicited 'A+' rating on Ren Re.

Markel's 'A' rating was moved to a positive outlook reflecting progress with and benefits from the Alterra integration.

Montpelier's 'A' rating outlook was moved to negative reflecting its exposure to the property cat. market and limited scale.

### Moody's

Moody's affirmed Ren Re's 'A1' but changed the outlook to negative, seeing the move into casualty as inherently a defensive – and hence credit negative – reaction to pricing pressure in property cat markets.

Tokio Marine's 'Aa3' was placed 'under review for a downgrade' following Moody's downgrade of the Japan sovereign rating to 'A1'.

### S&P

Generali was downgraded to 'BBB+' following the downgrade of the Italian sovereign to 'BBB-'. The 'indicative rating' (the level prior to the sovereign rating constraint) remains at 'a'.

Platinum's 'A-' rating was put on positive watch following the agreement by Ren Re to acquire the group.

## About Litmus Analysis

Litmus is staffed by senior ex-rating agency personnel and provides a range of analytical services to the re/insurance markets and those that serve them.

<p><b>Training Services</b></p>	<p>Training dates for 2015—</p> <ul style="list-style-type: none"> <li> <b>Understanding and analysing non-life re/insurer financials and key ratios</b>            Wednesday 4th March         </li> <li> <b>Understanding the mathematics of reinsurance (for non-mathematicians)</b>            Principles Tuesday 21st April      Tuesday 12th May            Practice Wednesday 22nd April      Wednesday 13th May         </li> </ul> <p>Other dates will be announced shortly. To be kept up to date or for further details, visit <a href="#">The Litmus Website</a> or email us at <a href="mailto:papers@litmusanalysis.com">papers@litmusanalysis.com</a>.</p>
<p><b>Advisory and Analytical Services</b></p>	<p><b>Ratings Advisory</b>            Help and support in managing your relationship with the rating agencies, understanding criteria, the ratings process and the rating agency perspective.</p> <p><b>Analytical Services</b>            With an analytical mind, an eye for detail and years of experience, our team can help you and your clients through the complexity of different markets. We also assist in many areas of market security for brokers and cedants.</p> <p>For Ratings Advice, Market Security Assistance and Analytical Services, please contact Peter Hughes on <a href="mailto:peterhughes@litmusanalysis.com">peterhughes@litmusanalysis.com</a></p>
<p><b>Online Services</b></p>	<p><b>LUCID</b> - The Litmus Unique Company Identification (LUCID) system – an extensive and growing searchable database of live and legacy market re/insurers and the groups they belong to.</p> <p><b>LitmusQ</b> - The online credit-scoring tool for the insurance markets - your cedant and reinsurer financial health assistant.</p> <p>For details, for a demo or a free trial, contact <a href="mailto:info@litmusanalysis.com">info@litmusanalysis.com</a></p>

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