

The Litmus Rating Review

International Reinsurance, Commercial and Specialty Lines Edition

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Overview

Another month (or so) and another set of positive rating actions (ongoing negative sentiment from the agencies about the impact of reinsurance pricing notwithstanding).

Fitch's upgrade of its Lloyd's market rating to 'AA-' is perhaps the most noteworthy simply because of the way it allows organisations who, in their own right, might never reach that rating level to offer 'AA range' paper to their clients (read more in [our article](#)).

Indeed, while only five of our L-Zebedees are currently rated 'AA-' or higher by any of the main agencies, a further ten also have a Lloyd's platform, as do two 'A range' members of our 'majors' cohorts (QBE and SCOR).

At Litmus we feel Fitch doesn't always get the market recognition it deserves; but that's the nature of how ratings get used. Once there are one or two very established players in a sector (Best and S&P in this case) then market participants tend to defer to those ratings as the primary source (as indeed do we in our LCS calculations), not least because they have the widest rating coverage.

Consequently the full impact of a Lloyd's upgrade might not be seen until either Best or S&P 'move' on their own current own 'A+/a+' positive outlook positions (if indeed they do). The degree of transparency in S&P's rating reports these days allows us to examine the likelihood of that in more detail and we do so in this month's commentary section.

Other notable rating actions included S&P's upgrade of ACE's core carriers (to AA/Stable) and Mapfre's (to A/Stable). Meanwhile Best moved Maiden Re's 'a-' to a positive outlook and S&P assigned a positive outlook to the 'A' of Markel's core carriers. S&P also moved Berkshire Hathaway's core carriers outlook to stable from negative on their 'AA+' rating. These and other rating changes are covered in more depth on page 7.

Finally, as if to emphasise the ongoing dichotomy between rating actions and underlying agency sentiment about the reinsurance market, Moody's formally turned 'negative' in its outlook for the reinsurance sector.

Litmus Score Averages as at 07/07/2014						
	S&P			A.M. Best		
	Mean LS ¹	Mean Rating	RI ²	Mean LS ¹	Mean Rating	RI ²
Commercial Majors						
Total Cohort	85.7	A+	R6	86.6	aa-	R2
Dual Rated Only	85.9	A+	R6	86.6	aa-	R2
Reinsurance Majors						
Total Cohort	86.3	AA-	R2	87.8	aa-	R3
Dual Rated Only	86.3	AA-	R2	87.8	aa-	R3
L-Zebedees						
Total Cohort	80.2	A	R5	82.6	a+	R2
Dual Rated Only	80.2	A	R5	83.1	a+	R3

¹LS=Litmus Score ²RI = Resilience Indicator
For a detailed explanation of our methodology please visit [The Litmus Blog](#).

Recent Litmus Blogs

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

[Will ratings hinder reinsurer M&A and the hedge fund 'play'?](#) (14 April 2014)

[Mapfre and Generali's S&P ratings; a stress too far?](#)
(24 March 2014)

[Reinsurer downgrades on the cards for 2014; these may be very controversial](#)
(22 January 2014)

[How should brokers react to downgrades to BBB?](#)
(14 January 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'.

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).

Litmus Composite Score (LCS) Methodology

Overview

The two most widely referred to rating agencies in the international commercial lines, reinsurance and specialty lines sectors are A.M. Best and S&P. Most groups active internationally in these sectors have a financial strength rating (FSR) from both agencies assigned to at least their main carriers.

We begin by producing the Litmus Score (LS) on the 'group reference carrier' (see above). This translates each agency's Financial Strength Rating (FSR) 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 S&P for FSRs we use the A.M. Best Issuer Credit Rating (ICR) assigned to the group reference carrier (and its outlook).

Where ratings from both agencies exist we then produce the Litmus Composite Score (LCS) and map that back to the S&P rating scale. A mapping tie-breaker methodology using Fitch and Moody's ratings where available is applied where necessary.

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

Use of Unsolicited Ratings

For consistency reasons we do not use unsolicited ratings in any part of the calculations (to the extent we can identify a rating is unsolicited). This should not be taken to imply that we consider unsolicited ratings are in any way invalid.

Ratings Round-up, LS and LCS outcomes - Commercial Majors											Ratings as at 07/07/14		
We have used the following abbreviations -											¹ P=Positive, S=Stable, D=Developing, N=Negative		
² F=Fitch, M=Moody's											³ ISO 3166-1 Alpha-2 codes		
Groups/Sub-groups	LUCID Company Name	Group Reference Carrier (GRC)	S&P Ratings		A.M. Best Ratings			LCS Calculations				GRC Details	
			S&P FSR/Outlook or Review Status ¹	Litmus Score	AM Best FSR	AM Best ICR/Outlook or Review Status ¹	Litmus Score	Litmus Composite Score (LCS)	LCS Ratings Mapping	LCS Resilience Indicator	Tie-break Source ²	GRC Domicile ³	LUCID For details of the LUCID system, email info@litmusanalysis.com
Cohort: Commercial Majors													
ACE	ACE European Group Ltd		AA/S	92	A++	aa+/S	96	94	AA(LCS)	R7	S&P	UK	ACEG/A1405A
AIG	AIG Property Casualty Co		A+/S	84	A	a/S	80	82	A+(LCS)	R1	S&P	US	AIGG/A1284A
Allianz	Allianz Global Corporate & Specialty SE		AA/S	92	A+	aa-/S	88	90	AA(LCS)	R1	S&P	DE	ALLI/A1442A
AVIVA	Aviva Insurance Ltd		A+/S	84	A	a+/N	83	83.5	A+(LCS)	R3		UK	AVIV/A2652A
Axa	AXA Corporate Solutions Assurance		A+/S	84	N/R	N/R	N/A	N/A	N/A	N/A		FR	AXAG/A4297A
Chubb	Federal Insurance Co		AA/S	92	A++	aa+/P	97	94.5	AA+(LCS)	R2		US	CHUB/A1708A
Generali	Assicurazioni Generali SpA		A-/N	75	A	a/N	79	77	A-(LCS)	R5		IT	GENR/A3509A
HDI	HDI-Gerling Industrie Versicherung AG		A+/S	84	A	a+/S	84	84	A+(LCS)	R4		DE	HDIG/A2366A
Lloyd's	N/A		A+/P	85	A	a+/P	85	85	A+(LCS)	R5		N/A	N/A
Mapfre	Mapfre Global Risks Compania Internacional SA		A/S	80	A	a/S	80	80	A(LCS)	R4		ES	MAPF/A2275A
QBE	QBE Insurance (Europe) Ltd		A+/N	83	A	a/N	79	81	A(LCS)	R5		UK	QBEG/A2131A
Travelers	Travelers Indemnity Co		AA/S	92	A++	aa+/S	96	94	AA(LCS)	R7	F,M	US	TRAV/A3892A
Tokio Marine	Tokio Marine & Nichido Fire Insurance Co		AA-/N	87	A++	aa+/S	96	91.5	AA(LCS)	R3		JP	TOMA/A2317A
XL	XL Insurance (Bermuda) Ltd		A+/S	84	A	a/P	81	82.5	A+(LCS)	R2		BM	XLGR/A3035A
Zurich	Zurich Insurance Company Ltd		AA-/S	88	A+	aa-/S	88	88	AA-(LCS)	R4		CH	ZURI/A3936A

Ratings can and do change and we strongly advise readers to check with the relevant websites for A.M. Best (www.ambest.com) and/or S&P (www.standardandpoors.com) 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 AM Best or S&P for the LS and LCS calculation methodology and results. Nor do we offer an endorsement of the AM Best or S&Ps ratings quoted here.

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

Ratings Round-up, LS and LCS outcomes - Reinsurance Majors											Ratings as at 07/07/2014	
We have used the following abbreviations -							¹ P=Positive, S=Stable, D=Developing, N=Negative					
² F=Fitch, M=Moody's							³ ISO 3166-1 Alpha-2 codes					
Groups/Sub-groups	LUCID Company Name	S&P Ratings		A.M. Best Ratings			LCS Calculations				GRC Details	
		S&P FSR/Outlook or Review Status ¹	Litmus Score	AM Best FSR	AM Best ICR/Outlook or Review Status ¹	Litmus Score	Litmus Composite Score (LCS)	LCS Ratings Mapping	LCS Resilience Indicator	Tie-break Source ²	GRC Domicile ³	LUCID For details of the LUCID system, email info@litmusanalysis.com
Cohort: Reinsurance Majors												
Ace	ACE Tempest Reinsurance Ltd	AA/S	92	A++	aa+/S	96	94	AA (LCS)	R7	F,M	BM	ACEG/A1445A
Alleghany	Transatlantic Reinsurance Co	A+/S	84	A	a+/P	85	84.5	A+ (LCS)	R5		US	ALLE/A1213A
Berkshire Hathaway	National Indemnity Co	AA+/S	96	A++	aaa/S	100	98	AA+ (LCS)	R7	M	US	BEHA/A2374A
Everest Re	Everest Reinsurance Co	A+/S	84	A+	aa-/S	88	86	A+ (LCS)	R7	M	US	EVER/A1756A
HDI	Hannover Rueckversicherung SE	AA-/S	88	A+	aa-/S	88	88	AA- (LCS)	R4		DE	HDIG/A2565A
Mapfre	Mapfre Re, Compania de Reaseguros SA	A/S	80	A	a/S	80	80	A (LCS)	R4		ES	MAPF/A2319A
Munich Re	Munich Reinsurance Co	AA-/S	88	A+	aa-/S	88	88	AA- (LCS)	R4		DE	MUNR/A2234A
Partner Re	Partner Reinsurance Co	A+/S	84	A+	aa-/S	88	86	A+ (LCS)	R7	S&P	BM	PART/A1957A
QBE	QBE Reinsurance Corp	A+/N	83	A	a/N	79	81	A (LCS)	R5		US	QBEG/A2544A
SCOR	SCOR Global P&C SE	A+/P	85	A	a+/S	84	84.5	A+ (LCS)	R5		FR	SCOR/A2437A
Swiss Re	Swiss Reinsurance Company Ltd	AA-/S	88	A+	aa-/S	88	88	AA- (LCS)	R4		CH	SWRE/A1798A
Tokio Marine	Tokio Millenium Re AG	AA-/N	87	A++	aa+/S	96	91.5	AA (LCS)	R3		CH	TOMA/A2016A
XL	XL Re Ltd	A+/S	84	A	a/P	81	82.5	A+ (LCS)	R2		BM	XLGR/A2200A

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Ratings Round-up, LS and LCS outcomes - "L-Zebedees"											Ratings as at 07/07/2014	
We have used the following abbreviations -											1 P=Positive, S=Stable, D=Developing, N=Negative	
2 F=Fitch, M=Moody's											3 ISO 3166-1 Alpha-2 codes	
Groups/Sub-groups	LUCID Company Name	S&P Ratings		A.M. Best Ratings			LCS Calculations				GRC Details	
		S&P FSR/Outlook or Review Status ¹	Litmus Score	AM Best FSR	AM Best ICR/Outlook or Review Status ¹	Litmus Score	Litmus Composite Score (LCS)	LCS Ratings Mapping	LCS Resilience Indicator	Tie-break Source ²	GRC Domicile ³	LUCID For details of the LUCID system, email info@litmusanalysis.com
Cohort: L-Zebedees												
Arch	Arch Reinsurance Ltd.	A+/S	84	A+	aa-/S	88	86	A+ (LCS)	R7	F,M	BM	ARCH/A1412A
Argo	Argonaut Insurance Co.	A-/N	75	A	a/S	80	77.5	A- (LCS)	R6		US	ARGO/A1344A
Allied World	Allied World Assurance Co.	A/S	80	A	a+/S	84	82	A (LCS)	R7	M	BM	AWAC/A2272A
Amlin	Amlin AG	A/S	80	A	a+/S	84	82	A (LCS)	R7	S&P	CH	AMLI/A1118A
Aspen	Aspen Insurance UK Ltd	A/S	80	A	a/S	80	80	A (LCS)	R4		UK	ASPE/A1435A
Axis	AXIS Specialty Ltd	A+/S	84	A+	aa-/S	88	86	A+ (LCS)	R7	M	BM	AXIS/A2433A
Beazley	Beazley Insurance Co	N/R	N/A	A	a/S	80	N/A	N/A	N/A		US	BEAZ/A4417A
Canopus ⁴	Canopus US Insurance Inc.	N/R	N/A	A-	a-/S	76	N/A	N/A	N/A		US	BREG/A4442A
Catlin	Catlin Insurance Company Ltd	A/S	80	A	a/S	80	80	A (LCS)	R4		BM	CATL/A1692A
Endurance	Endurance Specialty Insurance	A/S	80	A	a/S	80	80	A (LCS)	R4		BM	ENDU/A1958A
HCC	Houston Casualty Company	AA/S	92	A+	aa/S	92	92	AA (LCS)	R4		US	HCCG/A3685A
Hiscox	Hiscox Insurance Company	A/S	80	A	a+/S	84	82	A+ (LCS)	R1	F	UK	HISC/A2528A
Ironshore	Ironshore Insurance Limited	N/R	N/A	A	a/S	80	80	N/A	N/A		BM	IRON/A2757A
Lancashire	Lancashire Insurance Co.	A-/S	76	A	a/P	81	78.5	A (LCS)	R2		BM	LANC/A2448A
Lloyd's	N/A	A+/P	85	A	a+/P	85	85	A+ (LCS)	R5		N/A	N/A
Maiden	Maiden Reinsurance Ltd*	BBB+/N	71	A-	a-/P	77	74	BBB+ (LCS)	R6		BM	MAID/A1999A
Markel	Markel Insurance Company	A/P	81	A	a+/S	84	82.5	A+ (LCS)	R2		US	MARK/A3716A
Montpelier	Montpelier Reinsurance Ltd.	A-/S	76	A	a/S	80	78	A (LCS)	R1	F	BM	MONT/A2090A
Navigators	Navigators Insurance Co.	A/S	80	A	a+/S	84	82	A (LCS)	R7	S&P	US	NAVI/A4468A
Odyssey Re ⁴	Odyssey Reinsurance Co.	A-/S	76	A	a+/S	84	80	A (LCS)	R4		US	FAIR/A1855A
Platinum	Platinum Underwriters Bermuda Ltd.	A-/S	76	A	a/S	80	78	A- (LCS)	R7	S&P	BM	PLAT/A2336A
Renaissance	Renaissance Reinsurance Ltd.	AA-/S	88	A+	aa-/S	88	88	AA- (LCS)	R4		BM	RENR/A1894A
Sirius International ⁴	Sirius International Insurance Corporation	A-/S	76	A	a/S	80	78	A- (LCS)	R7	S&P	SW	WHMO/A2259A
Validus	Validus Reinsurance Ltd.	A/S	80	A	a/S	80	80	A (LCS)	R4		BM	VALI/A1992A
W R Berkley	Berkley Insurance Co.	A+/S	84	A+	aa-/S	88	86	A+ (LCS)	R7	M	US	WRBE/A1759A

⁴These are sub-groups of the ultimate parent group. See 'Cohort make-up' for description.

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

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The Litmus Commentary

Deconstructing S&P's Lloyd's market rating and the path to "AA-"

S&P was the first of the three agencies that rate the market to move its "A+" rating to a 'positive' outlook back in August 2012. Typically the agency would expect to resolve an outlook (i.e. to decide whether to make the implied rating change or affirm the existing rating and restore the outlook to 'stable') within a 12 to 24 month time frame (so we are 23 months into that period). However it's not a hard and fast rule and there is also some sense that S&P 're-booted' this at the point it reassessed Lloyd's rating following the launch of its new rating criteria (May 2013).

The agency then followed with its full annual review last November and that – probably – sets the timeframe for its next full review. Therefore, while there's no guarantee the outlook will be addressed at that point, there's a real chance that it might be.

So, will we see the upgrade to "AA-" and what might trigger that?

What won't drive this, at least not directly, is any further enhancement of S&P's view of the market's "ERM" or "Management & Governance (M&G)". "ERM" already receives the second highest score (out of 5) of 'strong' while "M&G" gets the maximum (out of 4) score (also 'strong'). Even lifting "ERM" to the maximum 'very strong' score (which, given how S&P applies its criteria for this, we suspect might not be possible anyway in a 'market' rating) would not lift the rating above "A+".

At first sight capital adequacy would seem unlikely to drive an upgrade. S&P notes that prospective capital adequacy is already 'extremely strong' (the highest score; indicating a better than 'AAA' outcome) but this drops a category to 'very strong' due to the 'quality of capital' (again an inherent function of the structure of the market).

The final outcome for this part of the analysis (known as the "Financial Risk Profile"; "FRP") then drops two further categories to 'moderately strong' given the assessment of Lloyd's "Risk Position" as 'high' (the "Risk Position" score commonly assigned to the larger reinsurers).

What this all means is that a 'moderately strong' "FRP" would seem to be the highest Lloyd's could aspire to in theory as this reflects the maximum prospective capital adequacy score modified by issues that are inherent to the market's structure and business mix. However we suspect S&P may remove the current one category of "FRP" impact due to 'quality of capital' if the market place continues to

demonstrate its attractiveness to capital providers (an issue the agency cites specifically in its last report). The link is not directly made by the agency but it is the simplest path to the 'AA-' (which can only otherwise be achieved with an FRP capped at 'moderately strong' via the "Holistic Analysis" adjustment; see below).

The 'attractiveness to capital' point is explicitly linked to ongoing strong earnings generation by the market.

This leads to the other core area of the analysis; the "Business Risk Profile" ("BRP"). This combines the country and sector risk profile inherent in Lloyd's business mix (at 'intermediate' this is another rating factor that is a given for the market) with its "Competitive Position".

There is some chance of an increase in the market's "Competitive Position" score to the maximum level of 'extremely strong' from 'very strong'. This would not on its own drive an upgrade given only a 'moderately strong' "FRP" however it could influence the application of the final 'wiggle room' factor (officially called the "Holistic Analysis"), which allows a rating to be raised or lowered by one notch to accommodate a particularly significant strength/weakness - or a more generalised positive/negative trend across key aspects of the credit profile – that the agency feels is insufficiently recognised in the outcome up to that point.

To achieve the 'extremely strong' level a rated re/insurer has to have a profile such that it *'business operations make it significantly less vulnerable to adverse operating conditions than its competitors'*.

To achieve this requires *'almost all'* of the 6 sub-factors looked at by S&P within the "competitive position" analysis to be scored as positive. Several are relative 'no-brainers' as positives for Lloyd's (brand, geographic diversification, product line diversification), but one, the 'level of controlled distribution', definitely is not (it's basically a measure of whether the rated re/insurer is dependent on brokers for business or not). Which leaves the two sub-factors we believe are likely to be fundamental to any upgrade, at least indirectly; "Operating Performance" and "Market Position".

To be scored as positive on "Operating Performance" the insurer needs to *'consistently and materially outperform competitors'*. This analysis is prospective (albeit highly informed by recent history).

Our take on S&P's normal metrics for "Market Position" would have Lloyd's at only neutral for this. That said, Lloyd's unique business profile is not easily fully captured within S&P's regular criteria.

Therefore either or both of these might support use of the "Holistic Analysis". A positive "Holistic Analysis" would take the current rating to "AA-". Moreover both sub-factors would be considerations in the agency concluding that prospective performance supports the 'attractiveness to capital providers' point noted above. Even if that was not sufficient to move the "FRP" to 'strong' it would be further support for the positive "Holistic Analysis" adjustment.

An elephant in the room could be the poor pricing environment in reinsurance; yet ironically that might also be

part of the upgrade logic; if S&P feels Lloyd's is able to show 'upper quartile' performance resilience, and that this is in part due to the strength of its "Market Position" (supported by the strength of market oversight reflected in the 'strong' "Management & Governance" score). As we note above, the positive "Operating Performance" assessment is defined by a negative; the ability to withstand adverse conditions.

So will it happen, and, if so, when? It's a tough call; we can imagine S&P waiting until after the 1.1. renewal to determine how soft this cycle really is. On the other hand they may feel that the market's performance track record is clear enough now; and they have been ready to recognise that this year in others (e.g. ACE). On balance we think it's more likely than not but we won't be running to the bookmakers to back that view just yet.

Individual Agency Activity

A.M Best

In addition to the positive outlook assigned to Maiden Re, Best upgraded the core carriers of Travellers to 'aa+' (stable) and those of HDI to 'a+' (Stable). Best rates the HDI carriers below its rating for Hannover Re (currently 'aa-').

We use Bests 'Issuer Credit Rating' (ICR) ratings in our commentaries. Please visit [The Litmus Blog](#) for more information.

Fitch

Fitch upgraded the Lloyd's market to 'AA-' (stable). The agency cited the improved cross-cycle performance of the market (in part a reflection of enhanced market-wide risk management practices derived from Solvency 2 preparations). For background on the concept of a 'market' rating see [The Litmus Ratings Guide to Non-Life Re/Insurers](#).

Mitsui Sumitomo and Sompo Japan were assigned negative outlooks to their 'A+' ratings, reflecting the Japanese sovereign rating outlook (along with a number of Japanese life insurers). Tokio Marine retains its 'AA-' rating (above the sovereign due to its degree of non-Japanese exposure) but also with a negative outlook.

Moody's

Moody's move of its outlook for the reinsurance sector to 'negative' had been well-flagged by the agency having previously indicated a weak (pricing) renewal at June 1 would be the trigger.

Moody's also provided a commentary on why its senior debt rating of Marsh (MMC) at 'Baa1' (analogous to an S&P

'BBB+') is one notch higher than that of Aon at 'Baa2' (analogous to 'BBB'). In essence the agency evaluates the two global brokers similarly but the greater financial leverage of Aon generates the one notch gap.

S&P

S&P's upgrade of ACE (core carriers to 'AA'/stable) continues the trend of upgrades of groups materially exposed to reinsurance despite the soft reinsurance market. This reflects exposure to the better conditions in primary commercial lines markets than in reinsurance but also capital and performance resilience in the upgraded group.

Berkshire Hathaway's move back to a stable outlook ('AA+/stable') from negative in particular reflected restoration of capital levels commensurate with this very high rating level.

The upgrade of Mapfre's core carriers to 'A' restores the group to the rating levels it would see without the additional impact of the sovereign stress test. The outcome of the 'stress' in Mapfre's case is that its rating is limited to three rating notches above the sovereign. With Spain's upgrade to 'BBB' this again allows restoration of its stand-alone rating of level 'A'.

Any further upgrade to Spain would therefore not automatically trigger a further increase in Mapfre's ratings (although it would help indirectly through reduced capital charges for the group's holdings of government debt – and indeed any other of the group's debt holdings held down by the sovereign rating).

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>Training Services</p>	<p>Training dates for 2014—</p> <ul style="list-style-type: none"> • Understanding and analysing non-life re/insurer financials and key ratios Tuesday 7th October 2014 Wednesday 4th March 2015 • Understanding the mathematics of reinsurance (for non-mathematicians) Principles Tuesday 23rd September Tuesday 14th October Tuesday 11th November Practice Wednesday 24th September Wednesday 15th October Wednesday 12th November <p>Other dates will be announced shortly. To be kept up to date or for further details, visit The Litmus Blog or email us at papers@litmusanalysis.com.</p>
<p>Advisory and Analytical Services</p>	<p>Ratings Advisory Help and support in managing your relationship with the rating agencies, understanding criteria, the ratings process and the rating agency perspective.</p> <p>Analytical Services 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 peterhughes@litmusanalysis.com</p>
<p>Online Services</p>	<p>LUCID - 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>LitmusQ - 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 info@litmusanalysis.com</p>

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