

# The Litmus Rating Review

## International Reinsurance, Commercial and Specialty Lines Edition

### CONTENTS

#### PAGE 1

Overview

#### PAGE 2

Recent Litmus Blogs, Make-up of the Ratings Review Cohorts & the Litmus Composite Score (LCS) Methodology

#### PAGE 3

Commercial Majors Table

#### PAGE 4

Reinsurance Majors Table

#### PAGE 5

L-Zebedees Table

#### PAGE 6

Litmus Commentary

#### PAGE 7

Individual rating agency activity

#### PAGE 8

About Litmus Analysis, Links

### Overview

Welcome to the sixth LRR. We are delighted to announce that from this month we are extending our coverage to cover the global commercial lines sector. We have created a 'Commercial Majors' cohort to add to our existing 'Reinsurance Majors' and 'L-Zebedees' groupings. As ever feedback on the make-up of these cohorts is very welcome.

Back in our third edition we introduced our cohort rating averages and noted that these show that the widely held perception that Best rates higher than S&P is far less clear cut than many seem to assume (at least in these sectors). The 'Commercial Majors' results reinforce that. Only two of the 13 ratings are the same from each agency across the cohort, but of the 11 where there are differences, the split is almost even, with S&P higher in 5 cases and Best in 6.

A closer analysis highlights that the overall average difference is almost entirely down to the different approaches taken by the two agencies to the sovereign driven exposure of Generali and Mapfre (we cover S&P's approach to this in our recent blog [Mapfre and Generali's S&P Ratings; A stress too far?](#))

However, a noteworthy difference between the agencies does exist over Tokio Marine's core carrier ratings (where S&P's 'AA-/negative' contrasts starkly with A.M. Best's 'aa+/stable'). That's a big difference in credit rating terms. Since S&P's Japanese sovereign local currency rating is also 'AA-, negative' it might appear that this too is the source of the difference. But not so in this case; Tokio Marine's ratings are not constrained by the sovereign rating (unlike those of Mapfre and Generali).

Since our February issue RSA has recovered its S&P 'A' rating with a stable outlook. Given the potential the recent history had for pressure on several of the 'qualitative' rating factors (see the S&P section on page 7) that's a strong endorsement of the new leadership. Moody's and Fitch however maintained 'negative' outlooks on their 'A' ratings citing the execution risks of the capital raising and disposals plan.

Finally, via Intelligent Insurer magazine, we have published the 'Litmus Ratings Guide'; a review of all of the key background aspects of ratings we believe rating users should be conscious of. Complimentary copies can be downloaded from [The Litmus Blog](#).

Litmus Score Averages as at 30/03/14						
	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>
<b>Major Commercials</b>						
Total Cohort	85.3	A+	R6	85.9	a+	R6
Dual Rated Only	85.4	A+	R6	85.9	a+	R6
<b>Reinsurance Majors</b>						
Total Cohort	85.8	A+	R6	87.4	aa-	R3
Dual Rated Only	85.8	A+	R6	87.4	aa-	R3
<b>L-Zebedees</b>						
Total Cohort	80.1	A	R5	82.6	a+	R2
Dual Rated Only	80.1	A	R5	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 Blog](#).

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

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

## Recent Litmus Blogs

[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)

[Down, Down, Down—Ratings trigger clauses and the spiral of descent](#) (30 December 2013)

## 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 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 27/03/14	
We have used the following abbreviations -											<sup>1</sup> P=Positive, S=Stable, D=Developing, N=Negative	
<sup>2</sup> F=Fitch, M=Moody's											<sup>3</sup> ISO 3166-1 Alpha-2 codes	
LUCID Company Name		S&P Ratings		A.M. Best Ratings			LCS Calculations				GRC Details	
Groups/Sub-groups	Group Reference Carrier (GRC)	S&P FSR/Outlook or Review Status <sup>1</sup>	Litmus Score	AM Best FSR	AM Best ICR/Outlook or Review Status <sup>1</sup>	Litmus Score	Litmus Composite Score (LCS)	LCS Ratings Mapping	LCS Resilience Indicator	Tie-break Source <sup>2</sup>	GRC Domicile <sup>3</sup>	LUCID For details of the LUCID system, email info@litmusanalysis.com
<b>Cohort: Commercial Majors</b>												
Ace	ACE European Group Ltd	AA-/P	89	A+	aa/P	93	91	AA(LCS)	R3		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/P	81	82.5	A+(LCS)	R2		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	76	A	a/N	79	77.5	A-(LCS)	R6		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/P	93	92.5	AA(LCS)	R5		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](http://www.ambest.com)) and/or S&P ([www.standardandpoors.com](http://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 30/03/2014	
We have used the following abbreviations -							<sup>1</sup> P=Positive, S=Stable, D=Developing, N=Negative					
<sup>2</sup> F=Fitch, M=Moody's							<sup>3</sup> 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 <sup>1</sup>	Litmus Score	AM Best FSR	AM Best ICR/Outlook or Review Status <sup>1</sup>	Litmus Score	Litmus Composite Score (LCS)	LCS Ratings Mapping	LCS Resilience Indicator	Tie-break Source <sup>2</sup>	GRC Domicile <sup>3</sup>	LUCID For details of the LUCID system, email info@litmusanalysis.com
<b>Cohort: Reinsurance Majors</b>												
Ace	ACE Tempest Reinsurance Ltd	AA-/P	89	A+	aa/P	93	91	AA (LCS)	R3		BM	ACEG/A1445A
Alleghany	Transatlantic Reinsurance Co	A+/S	84	A	a+/S	84	84	A+ (LCS)	R4		US	ALLE/A1213A
Berkshire Hathaway	National Indemnity Co	AA+/N	95	A++	aaa/S	100	97.5	AA+ (LCS)	R6		US	BEHA/A2374A
Everest Re	Everest Reinsurance Co	A+/S	84	A+	aa-/S	88	86	A+(LCS)	R7	S&P	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	76	A	a/N	79	77.5	A- (LCS)	R6		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 30/03/2014	
We have used the following abbreviations -											1P=Positive, S=Stable, D=Developing, N=Negative	
2F=Fitch, M=Moody's											3ISO 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 <sup>1</sup>	Litmus Score	AM Best FSR	AM Best ICR/Outlook or Review Status <sup>1</sup>	Litmus Score	Litmus Composite Score (LCS)	LCS Ratings Mapping	LCS Resilience Indicator	Tie-break Source <sup>2</sup>	GRC Domicile <sup>3</sup>	LUCID For details of the LUCID system, email info@litmusanalysis.com
<b>Cohort: L-Zebedees</b>												
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 <sup>4</sup>	Canopus US Insurance Inc.	N/R	N/A	A-	a-/D	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 Insurance Company	BBB+/N	71	A-	a-/S	76	73.5	BBB+ (LCS)	R6		BM	MAID/A1999A
Markel <sup>5</sup>	Markel Insurance Company	A/St	80	A	a+/S	84	82	A (LCS)	R7	F,M	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 <sup>4</sup>	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)	R1	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 <sup>4</sup>	Sirius International Insurance Corporation	A-/S	76	A	a/S	80	78	A- (LCS)	R1	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	S&P	US	WRBE/A1759A

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

<sup>5</sup>As S&P now rates the core carrier of Markel group we have replaced Markel Bermuda (formerly Alterra Bermuda) as the reference carrier with Markel Insurance Company.

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## The Litmus Commentary

### Whither ‘unsolicited’ ratings and rating agency competition

When some of us at Litmus were cutting our rating agency teeth there were few things more likely to light the blue touch paper in a conversation with insurance market participants than ‘unsolicited ratings’ (ratings produced without the rated entity’s request).

The emotion came partly from the resentment re/insurance groups felt about having the rating imposed on them, but was heightened by the common belief that these ratings were held down in order to encourage the group to request a ‘solicited’ rating (for which they then paid).

In fact the latter point was, in our experience, a myth. What was, and is, the case however is that a rating based largely or exclusively on public information (the typical case for an unsolicited rating) will need to make reasonably conservative assumptions about relevant information not in the public domain. Solicited ratings are often (but by no means always) therefore issued a little higher than a previous unsolicited rating (especially since those groups who believe that their non-public information paints them in a worse light than has been assumed in an unsolicited rating tend not to engage in the solicited rating process).

Your correspondent first met SCOR CEO Denis Kessler when he was head of the French insurance association (the FFSA) in the early ‘90’s due to exactly this subject. S&P (my then employer) was in a bit of a cleft stick on exactly what its policy on unsolicited ratings actually was. Having bought ‘ISI’ in 1990 (a subscription based insurance ratings agency whose ratings were, therefore, entirely unsolicited) the agency was struggling to explain how this fitted in Europe with its avowed capital markets mantra only to rate on request (its key point of difference at the time vs Moody’s with whom it was in a race to become the leading global debt rating agency).

I was dispatched to Paris at the request of S&P’s then French office head following objections he had received from the French insurance industry (some of who had been instrumental in the creation of S&P’s initial French debt rating operation; ADEF)

M. Kessler, it will come as no surprise, was robust in his view-point but, to his credit, clearly recognised the fact that a contrarian argument could exist notwithstanding his disagreement with it. The head of our French office, it has to be said, found the concept - and its associated ‘Anglo-Saxon’ world view - more of a struggle.

As the decade moved forward re/insurer financial strength ratings became fundamental carrier selection criteria outside the US (having long been so for US business) in the more sophisticated markets such as reinsurance, specialty and large commercial lines. With the ratings becoming more business critical re/insurance groups started to actively (if reluctantly) engage with the rating process and so the ratings from the leading agencies in the industry (S&P and Best) become largely ‘solicited’.

Today the three cohorts of the LRR highlight this. Not only are all but four of the listed carriers rated by both S&P and Best but all of those ratings are solicited.

What that calls into question though is exactly how do other agencies get a shot at offering true competition? Financial strength ratings are rarely requested by re/insurers unless they believe either buyers, brokers or investors require them to be rated. If two agencies have dominant positions among buyers and brokers, then how does that duopoly get challenged?

In practice there are a few strategic options open to a would be challenger but one aspect is pretty universal; they have to have some form of relevant ratings coverage with which to develop a re/insurance buyer/broker franchise.

Obviously it helps if you have a profound market position in debt ratings (since debt ratings are naturally lower than financial strength ratings, a debt issuing re/insurance group can often see the sense in taking those ratings too from the debt rating agency). This defines almost exactly the nature of Moody’s insurer financial strength ratings coverage (along with a strong sense that the agency is not actively seeking ratings from non-debt issuing re/insurers).

For the other global debt rating agency, Fitch, things are somewhat less straightforward. While a very significant capital markets player it doesn’t have the degree of market power that S&P or Moody’s have but also still seems keen to have a genuinely ‘re/insurance market’ franchise discrete from just covering debt issuing re/insurers.

This, we surmise, leads to the different approaches to unsolicited ratings in the industry that we now see from the two agencies.

Of the 51 carriers identified in the three LRR cohorts (treating Lloyd’s as a ‘carrier’ for this purpose) Fitch rates 35 while Moody’s rates 34.

However, while none of the Moody's ratings are unsolicited (as best as we can tell) 14 of those from Fitch are.

While, in our experience, few re/insurance market participants would consider Fitch to have the same strength of market position as S&P and Best (market leaders internationally and in the US respectively) most would see Fitch as ahead of Moody's in re/insurance. Yet without the use of unsolicited ratings only 20 of the 51 carriers would be covered by Fitch despite the high regard many have for

Fitch's analytical work.

In recent months Fitch has reduced its unsolicited coverage of the reinsurance sector; withdrawing its ratings for Odyssey Re, Platinum and Endurance. Maintaining unsolicited ratings is expensive for an agency but it would be a great pity if Fitch felt the need to reduce further its unsolicited coverage and hence reduce its role as an important alternative voice.

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## Individual Agency Activity

### A.M Best

Best has raised Amlin AG's rating to 'a+' and upgraded PartnerRe America Insurance Co to 'aa-'. The actions on both carriers reflecting the agency giving greater credit for group support. Best also announced the initial rating of Watford Re ('a-'), the casualty focussed start-up whose underwriting will be managed by minority capital provider Arch.

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

### Fitch

Fitch has raised the outlook on its 'A' rating of Arch's core carriers to 'positive' reflecting a strengthening market position and ongoing strong operating performance.

Fitch also raised the outlook on those core carriers of AXA that it covers (rated 'AA-') to stable from negative reflecting a reduced concern over the group's debt leverage and coverage ratios.

The agency published special reports covering details of the 2013 results of 43 US listed P&C re/insurance group's and the impact of the severe winter storms (noting that the latter was unlikely to impact ratings)

### Moody's

In this month's 'Reinsurance Monitor' Moody's noted that the downside risk to its 'stable' outlook on the reinsurance sector is now high; the June renewals being seen as the key likely determinant of whether the outlook (and hence expected overall rating activity for the sector) will move to 'negative'.

The agency's Argentina sovereign downgrade pushed a raft of the local operations of international players down to the 'B1' (equivalent to an S&P 'B+') level. Conversely its upgrade to Spain's rating allowed its rating on Mapfre Global Risks to climb to Baa1 (equivalent to an S&P BBB+)

### S&P

S&P's upgrade of RSA back to 'A' with a stable outlook completed the roller-coaster ride for the rating triggered by the storm losses and problems with its Irish reserves. The rating had begun at 'A+', moved down to 'A-' and has had a potential further downside to 'BBB'. That the capital raising and disposal plan went a lot further than the mooted £500m was key (we don't believe that £500m was ever going to be enough given the group had only BBB capital in S&P's model before the problems hit). However, so too was S&P's faith in the new leadership since issues such as 'ERM' and 'Management & Governance' can have a big impact on a rating and both would have been under severe scrutiny. The plan execution will need to be highly effective though, and future earnings will need to be robust.

The agency has downgraded the Brazilian arm of Allianz Global Corporate & Specialty (from 'A-' to 'BBB+') due to the downgrade of the sovereign.

## 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>We have announced some further training dates for 2014—</p> <ul style="list-style-type: none"> <li>• <b>Understanding and analysing non-life re/insurer financials and key ratios</b> Tuesday 3rd June</li> <li>• <b>Understanding the mathematics of reinsurance (for non-mathematicians)</b> Principles — Tuesday 20th May Practice — Wednesday 21st May</li> <li>• <b>Optimising your rating relationship; a half-day primer for senior industry executives</b> Wednesday 11th June (afternoon)</li> <li>• <b>Essentials of the new S&amp;P insurance ratings criteria (one-day course)</b> Thursday 12th June</li> </ul> <p>Other dates will be announced shortly. To be kept up to date or for further details, visit <a href="http://litmusanalysisblog.wordpress.com/training-courses/">litmusanalysisblog.wordpress.com/training-courses/</a> or email us at <a href="mailto:papers@litmusanalysis.com">papers@litmusanalysis.com</a>.</p>
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