



Fitch Revises VIVAT's Outlook to Evolving; Affirms Ratings

Fitch Ratings-London-26 February 2018: Fitch Ratings has revised the Outlooks on VIVAT N.V.'s (VIVAT) Long-Term Issuer Default Rating (IDR) and SRLEV N.V.'s and REAAL Schadeverzekeringen N.V.'s (together VIVAT Insurance) Insurer Financial Strength (IFS) Ratings to Evolving from Stable. Fitch has simultaneously affirmed VIVAT's IDR at 'BBB', and VIVAT Insurance's IFS Ratings at 'BBB+' (Good).

A full list of rating actions is at the end of this commentary.

KEY RATING DRIVERS

The affirmation of the ratings reflects our view that VIVAT's credit profile as a standalone Dutch insurer is not directly affected by the credit profile of its parent, Anbang Insurance Group Co. Ltd. (Anbang). This follows a recent announcement by the China Insurance Regulatory Commission (CIRC) that it has taken control of Anbang, as provided for under Chinese law.

The Outlook revision reflects our view of heightened uncertainty whether Anbang will remain VIVAT's owner longer-term. Fitch does not have any direct or indirect knowledge of any actions the CIRC is contemplating in its oversight of Anbang.

Under Fitch's criteria for assessing the impact of ownership, we have viewed Anbang's credit profile as neutral to VIVAT's rating. We believe that the regulatory and governance framework under which VIVAT operates in the Netherlands protects its capitalisation and policyholders through restrictions on the minimum capital position and on capital flows (i.e. dividend payments) to the shareholder. We believe that the announcement by the CIRC, and any uncertainty that it creates, does not affect this capital protection.

RATING SENSITIVITIES

As noted, while Fitch does not have any knowledge this will be contemplated by the CIRC, a change in ownership could have positive or negative implications for VIVAT's ratings.

An adverse change in our perception of the strength of the ring-fencing provided by the regulatory and governance framework in the Netherlands under which VIVAT operates could lead to a downgrade.

Net income ROE (2016: 4%) sustained above 6% could lead to an upgrade. The ratings could also be upgraded if financial leverage (1H17: above 30%) falls below 25% while the Prism Factor Based Model (FBM) score is 'Extremely Strong' on a sustained basis.

The ratings could be downgraded if VIVAT's net income ROE falls below 3%, or if the Prism FBM score falls to the low end of the 'Strong' category, or if financial leverage increases to more than 35% for a sustained period.

FULL LIST OF RATING ACTIONS

Reaal Schadeverzekeringen N.V.

--IFS Rating affirmed at 'BBB+'; Outlook revised to Evolving from Stable

SRLEV N.V.

--IFS Rating affirmed at 'BBB+'; Outlook revised to Evolving from Stable

VIVAT N.V.

--Long-Term IDR affirmed at 'BBB'; Outlook revised to Evolving from Stable

--Senior debt (XS1600704982) affirmed at 'BBB-'

--Subordinated debt (XS1717202490) affirmed at 'BB'

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Additional information is available on www.fitchratings.com

Applicable Criteria

Insurance Rating Criteria (pub. 30 Nov 2017)
(<https://www.fitchratings.com/site/re/905036>)

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