

S&P Global Ratings Withdraws Rating Input Approach From Proposed Insurer Risk-Based Capital Adequacy Criteria

May 9, 2022

NEW YORK (S&P Global Ratings) May 9, 2022--On Dec. 6, 2021, S&P Global Ratings published a request for comment (RFC) on proposed changes to its risk-based capital adequacy methodology for insurers and reinsurers (see "Request For Comment: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions"). Throughout our RFC process, we have engaged in high levels of transparency and interaction with the market, providing FAQs and webinars to help explain both the proposal and our criteria development process. In response to requests, we twice extended our response deadline to allow for additional evaluation, and we closed the comment period on April 29, 2022. We thank market participants for the extensive engagement and high volume of comments they have provided in response to the RFC.

Given the nature of some of the concerns raised in comments that we have received, we have decided to withdraw the proposed approach for determining the rating inputs of bonds and loans, reinsurance counterparties, and deposits with credit institutions, as described in paragraphs 69-71, 81, 84, 187-189, and chart 4 and table 38. We are considering alternatives for the withdrawn elements of the proposed criteria to assess the potential credit risk associated with these types of exposures.

After we have had sufficient time to consider the high number of comments received, we intend to issue a subsequent RFC. This would incorporate any proposed alternative for the withdrawn elements, along with any other changes to what we originally proposed. After this subsequent RFC is completed, we will finalize the criteria article in its entirety, consistent with our criteria development process. At present, we expect to finalize the criteria no sooner than the fourth quarter of this year, but we will provide updates to market participants if our expectations change. The current criteria remain in effect until such time as any new criteria are issued and made effective.

This report does not constitute a rating action.

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