

General Criteria:

Advance Notice Of Proposed Criteria Change For Insurers, Bond Insurance Capital Adequacy, And Group Rating Methodology

November 27, 2018

S&P Global Ratings is reviewing the assumptions and methodologies it uses in several criteria articles in order to provide more clarity regarding the analytic frameworks we use for determining credit ratings. In particular, the changes we propose reflect our global best practices regarding criteria format and transparency in the use of analytical judgement.

Following our publication on Nov. 26, 2018, of "Request for Comment: Hybrid Capital: Methodology And Assumptions," we expect to publish, in the next few weeks, but taking account of the holiday period, the following requests for comments (RFCs) with the full details of our proposals:

- Request For Comment: Insurers Rating Methodology;
- Request For Comment: Bond Insurance Methodology And Assumptions For Analyzing Capital Adequacy; and
- Request For Comment: Group Rating Methodology.

We propose to publish the Insurers Rating and Bond Insurance RFCs on the same day.

We expect these proposals to have limited impact on our credit ratings on issuers or issues under the scope of the proposals. This is because we do not expect material changes to the fundamental factors addressed in the criteria under review. The RFCs will be focused on clearer communication of the fundamental factors driving ratings, accompanied by Guidance articles that help communicate how we may apply certain aspects of the analytical frameworks. In the case of the insurance sector, the proposals would consolidate and simplify several criteria articles, enhance transparency and consistency, and increase scope for analytical judgement.

The RFCs will contain more detailed impact statements regarding the potential for rating changes. The RFCs will propose changes to the following criteria articles:

Insurance And Bond Insurance

- Methodology: Treatment Of U.S. Life Insurance Reserves And Reserve Financing Transactions, March 12, 2015

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- Key Credit Factors For The Mortgage Insurance Industry, March 2, 2015
- Methodology For The Classification And Treatment of Insurance Companies' Operational Leverage, Oct. 31, 2014
- Key Credit Factors For Title Insurers, Sept. 22, 2014
- Methodology And Assumptions: Industry And Country Risk Assessment For Bond Insurers, Sept. 16, 2014
- Enterprise Risk Management, May 7, 2013
- Insurers: Rating Methodology, May 7, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012 (insurance references only)
- Bond Insurance Rating Methodology And Assumptions, Aug. 25, 2011
- Standard & Poor's Methodology For Setting The Capital Charge On Project Finance Transactions, Sept. 12, 2007
- Liquidity Model For U.S. And Canadian Life Insurers, April 22, 2004

Group Rating Methodology

- Group Rating Methodology, Nov. 19, 2013

We will consider any market feedback that we've received on the RFCs before publishing our revised criteria.

The timing of the RFC comment periods will take account of the fact that, following the publication of the three RFCs, we may have four RFC periods in place at the same time and that some entities could be within scope of several or all of these RFCs. We therefore expect to set longer comment periods than is usually the case. We also expect that the timing of the publication and implementation of the final criteria will reflect that entities or issues may potentially be affected by more than one criteria article.

Related Criteria And Research

Related Criteria

- Methodology: Treatment Of U.S. Life Insurance Reserves And Reserve Financing Transactions, March 12, 2015
- Key Credit Factors For The Mortgage Insurance Industry, March 2, 2015
- Methodology For The Classification And Treatment of Insurance Companies' Operational Leverage, Oct. 31, 2014
- Key Credit Factors For Title Insurers, Sept. 22, 2014
- Methodology And Assumptions: Industry And Country Risk Assessment For Bond Insurers, Sept. 16, 2014
- Group Rating Methodology, Nov. 19, 2013

- Enterprise Risk Management, May 7, 2013
- Insurers: Rating Methodology, May 7, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012 (insurance references only)
- Bond Insurance Rating Methodology And Assumptions, Aug. 25, 2011
- Principles of Credit Ratings, Feb. 16, 2011
- Standard & Poor's Methodology For Setting The Capital Charge On Project Finance Transactions, Sept. 12, 2007
- Liquidity Model For U.S. And Canadian Life Insurers, April 22, 2004

Related Research

- Criteria And Guidance: Understanding The Difference, Dec. 15, 2017

This report does not constitute a rating action.

These criteria represent the specific application of fundamental principles that define credit risk and ratings opinions. Their use is determined by issuer- or issue-specific attributes as well as S&P Global Ratings assessment of the credit and, if applicable, structural risks for a given issuer or issue rating. Methodology and assumptions may change from time to time as a result of market and economic conditions, issuer- or issue-specific factors, or new empirical evidence that would affect our credit judgment.

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