

South African Insurers' Hybrid Debt National Scale Ratings Raised To 'zaAA-'; Removed From UCO

June 26, 2023

Overview

- On June 8, 2023, we published revised criteria for determining national and regional scale mapping specifications and assigning credit ratings mapped from the global scale to the national scale.
- As a result of our review of hybrid ratings under the revised national scale criteria, we have removed the under criteria observation (UCO) identifier on the national scale ratings on all the hybrid debt instruments of South African insurers Old Mutual Life Assurance Co. (South Africa), Liberty Group, Sanlam, and Santam.
- We affirmed all our global and national scale issuer credit ratings on the insurers.
- The outlooks on the long-term global scale ratings remain at stable (we do not assign outlooks to our national scale issuer credit ratings).

LONDON (S&P Global Ratings) June 26, 2023--S&P Global Ratings today raised its national scale ratings on the hybrid debt instruments of Old Mutual Life Assurance Co. (South Africa) Ltd., Liberty Group Ltd., Sanlam Life Insurance Ltd., and Santam Ltd., which it had placed under criteria observation (UCO) after the revision of its criteria on national scale ratings (see "Certain National Scale Ratings Placed Under Criteria Observation Following Criteria Update," published June 8, 2023).

As a result of this review, we have raised our national scale ratings on the following hybrid debt instruments to 'zaAA-' from 'zaA+' and removed the UCO identifier on these ratings.

Liberty Group Ltd.

- ZAR1.1 billion floating-rate series 9 hybrid instrument due Aug. 28, 2024
- ZAR1.0 billion floating-rate series 10 hybrid instrument due Oct. 8, 2025
- ZAR1.5 billion hybrid instrument due Sept. 9, 2026
- ZAR1.5 billion series 12 bond due Oct. 4, 2027

Old Mutual Life Assurance Co. (South Africa) Ltd.

- ZAR 859 million floating-rate hybrid instrument due May 23, 2028
- ZAR623 million 11.35% series 10 hybrid instrument due Sept. 14, 2030

PRIMARY CREDIT ANALYSTS

Simran K Parmar

London
+ 44 20 7176 3579
simran.parmar
@spglobal.com

Tatiana Grineva

London
+ 44 20 7176 7061
tatiana.grineva
@spglobal.com

Ali Karakuyu

London
+ 44 20 7176 7301
ali.karakuyu
@spglobal.com

South African Insurers' Hybrid Debt National Scale Ratings Raised To 'zaAA-'; Removed From UCO

- ZAR460 million 10.955% series 7 tranche 2 notes due March 19, 2030
- ZAR690 million 10.955% series 7 hybrid instrument due March 19, 2030
- ZAR2.0 billion floating-rate series 11 notes due June 11, 2024
- ZAR2.0 billion floating-rate series 12 hybrid instrument due Nov. 12, 2025
- ZAR1.5 billion floating-rate series 13 hybrid instrument due Sept. 23, 2026
- ZAR1.11 billion floating-rate series 14 hybrid instrument due June 23, 2027
- ZAR500 million floating-rate series 15 hybrid instrument due Oct. 28, 2027

Sanlam Life Insurance Ltd.

- ZAR439 million 8.42% series 7 hybrid instrument due Aug. 16, 2028
- ZAR977 million floating-rate series 5 hybrid instrument due Aug. 16, 2026
- ZAR584 million floating-rate series 6 hybrid instrument due Aug. 16, 2028

Santam Ltd.

- ZAR1 billion floating-rate series 5 hybrid instrument due Nov. 30, 2030
- ZAR1 billion floating-rate series 7 note due April 6, 2028
- ZAR1 billion floating-rate hybrid instrument due May 16, 2032

At the same time, we affirmed all our global and national scale issuer ratings on the insurers and maintained the stable outlooks on the long-term global scale ratings.

Outlook

The outlook statements remain the same (see related research section below for links to our most recent publications).

We do not assign outlooks to our South Africa national scale ratings.

Rationale

The rating action follows the publication of our revised criteria for determining national and regional scale mapping specifications and assigning credit ratings mapped from global to national scale (see "General Criteria: National And Regional Scale Credit Ratings Methodology," published June 8, 2023).

Based on our revised framework, we changed the treatment for hybrid instruments where notching for payment risk and subordination is applied at the national scale rating level, rather than split between the global and national scales.

Ratings Affirmed

Entity Name	Global scale ratings and outlook	National scale ratings
Liberty Group Ltd.	N/A	zaAAA/--/zaA-1+
Old Mutual Life Assurance Co. (South Africa) Ltd.	BB/Stable/--	zaAAA/--/zaA-1+
Old Mutual Ltd.	N/A	zaA+/--/zaA-1

South African Insurers' Hybrid Debt National Scale Ratings Raised To 'zaAA-'; Removed From UCO

Ratings Affirmed

Entity Name	Global scale ratings and outlook	National scale ratings
Sanlam Life Insurance Ltd.	N/A	zaAAA/--/--
Sanlam Ltd.	N/A	zaA+/--/--
Santam Ltd.	BB-/Stable/--	zaAAA/--/--
Santam Structured Insurance Ltd.	BB-/Stable/--	zaAA/--/--
Santam Structured Reinsurance Ltd. PCC	BB-/Stable/--	N/A
Santam Structured Insurance Ltd. PCC	B+/Stable/--	N/A
Santam SI Investments Mauritius Ltd.	B-/Stable/--	N/A

N/A--Not applicable.

ESG credit indicators for Liberty, Old Mutual Life Assurance Co. (South Africa) Ltd., Sanlam Ltd., and Santam Ltd.: E-2, S-2, G-2

Related Criteria

- General Criteria: National And Regional Scale Credit Ratings Methodology , June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions , March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions , Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology , Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings , Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology , July 1, 2019
- General Criteria: Group Rating Methodology , July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology , July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria | Insurance | Property/Casualty: Assessing Property/Casualty Insurers' Loss Reserves , Nov. 26, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions , Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model , June 7, 2010

Related Research

- S&P Global Ratings Definitions, June 9, 2023
- Certain National Scale Ratings Placed Under Criteria Observation Following Criteria Update, June 8, 2023
- Outlooks On Various South Africa-Based Insurers Revised To Stable Following Similar Action On The Sovereign, March 10, 2023
- South Africa Outlook Revised To Stable As Infrastructure Constraints Weigh On Growth; 'BB-/B' FC Ratings Affirmed, March 8, 2023
- Liberty Group Ltd., Dec. 12, 2022
- Sanlam Ltd., Dec 2, 2022
- Santam Ltd., Nov 18, 2022
- Old Mutual Ltd., Nov 10, 2022

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; or Stockholm (46) 8-440-5914

South African Insurers' Hybrid Debt National Scale Ratings Raised To 'zaAA-'; Removed From UCO

Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.