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

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## 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

- 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 |

**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