

Research Update:

# Insurance Holding Company Old Mutual Ltd. Assigned 'zaAA-'/ 'zaA-1+' South Africa National Scale Ratings

October 8, 2019

## Overview

- We are assigning our 'zaAA-' long-term and 'zaA-1+' short-term South Africa national scale issuer credit ratings to Old Mutual Ltd. (OML)
- OML is the ultimate holding company of Old Mutual Life Assurance Co. (South Africa) (PTY) Ltd. (OMLACSA), one of the leading South African life insurers, and the indirect owner of Old Mutual Insure Ltd., a leading South African non-life insurer.

## Rating Action

On Oct. 8, 2019, S&P Global Ratings assigned its 'zaAA-' long-term and 'zaA-1+' short-term South Africa national scale issuer credit ratings to insurance holding company Old Mutual Ltd. (OML).

## Rationale

We base our ratings on OML on the overall creditworthiness of the OML group and OML's structural subordination as a nonoperating holding company. OMLACSA has a strong position in the South African life insurance market, demonstrated by its leading positions in various product segments, and a diversified sales forces. Its prudent capital and reserve buffers give OMLACSA a resilient balance sheet. This affords it significant flexibility to mitigate investment volatility, including the ability to make negative bonus declarations to policyholders. It also has sound regulatory solvency ratios. At the end of June 2019, OMLACSA reported a solvency ratio of 218%. OML reported a solvency ratio of 166%.

The short-term rating on OML reflects our standard approach to mapping South African short-term ratings from long-term ratings.

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## Related Criteria

- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

## Related Research

- Old Mutual Life Assurance Co. (South Africa) Ltd. 'BB+' Ratings Affirmed; Outlook Stable, Aug. 12, 2019

## Ratings List

### New Rating

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### Old Mutual Ltd.

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Issuer Credit Rating

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South Africa National Scale zaAA-/--/zaA-1+

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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](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://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; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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