

FITCH AFFIRMS ASR'S OPERATING ENTITIES IFS AT 'A-'; OUTLOOK STABLE

Fitch Ratings-Paris/London-09 December 2011: Fitch Ratings has affirmed ASR Levensverzekering N.V.'s and ASR Schadeverzekering N.V.'s Insurer Financial Strength (IFS) ratings at 'A-' and Long-term Issuer Default Ratings (IDR) at 'BBB+'. Fitch has also affirmed the group's holding company, ASR Nederland N.V.'s, IDR at 'BBB' and its subordinated debt at 'BBB-'. The Outlooks on the IDRs and IFS ratings are Stable.

The affirmations reflect ASR's ongoing financial profitability as reflected in net profit of EUR317m in 2010 and EUR163m in H111, a reported 100% combined ratio in H111, an adequate and increasing solvency ratio at 235% in H111 supported by an improved balance sheet and its solid positioning in the Dutch insurance market. Offsetting factors remain the firm's lack of geographical diversification and the challenges resulting from solely operating in a competitive and mature Dutch insurance market, especially the individual life segment.

The Stable Outlook indicates the agency's expectations that ASR's current ratings will remain unchanged over the next 12 to 24 months, reflecting the company's leading local insurance franchise in the Netherlands and several measures taken during 2010 and 2011 to improve its credit profile. These measures include stringent cost controls, disciplined underwriting, modified offers particularly relating to unit-linked products and various risk mitigating measures relating to its asset allocation.

ASR has been wholly owned by the Dutch government since October 2008. Fitch views this ownership as neutral to the credit ratings due to the government stated intention to dispose its shareholding in ASR over time, although the agency would expect the government to provide support if the need arose.

Key rating drivers for an upgrade in the medium term include ASR's ability to build up and maintain:

- solid underwriting performance in both the life business (as reflected in, for example, a positive new business margin) and the non-life business (as reflected in a combined ratio below 100% for a sustained period), and
- shareholders' funds through retained earnings.

Key rating drivers for a downgrade include:

- significant deterioration of the group's underwriting results, particularly if the new business margin remained negative and the combined ratio were persistently above 100%
- depletion of solvency due to financial or technical losses
- material loss of new and existing business

ASR is an established Dutch insurance group with life and property & casualty business, as well as accident and health insurance activities. The group is one of the top three largest insurers in the Netherlands, with around 11.8% market share and EUR4.7bn gross written premiums in 2010.

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Additional information is available at www.fitchratings.com. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable criteria, 'Insurance Rating Methodology', dated 22 September 2011, is available at www.fitchratings.com.

Applicable Criteria and Related Research:

Insurance Rating Methodology

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=651018

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