

RatingsDirect®

Netherlands-Based Insurer ASR Nederland's Proposed Dated Junior Subordinated Notes Rated 'BBB-'

Primary Credit Analyst:

Tatiana Grineva, London (44) 20-7176-7061; tatiana.grineva@standardandpoors.com

Secondary Contact:

Mark D Nicholson, London (44) 20-7176-7991; mark.nicholson@standardandpoors.com

- Dutch insurance holding company ASR Nederland N.V. plans to issue dated, unsecured, resettable, and callable (30NC10) junior subordinated notes.
- We are assigning our 'BBB-' issue rating to the proposed notes.
- We expect to classify the notes as having "intermediate equity content" according to our hybrid capital criteria.

LONDON (Standard & Poor's) Sept. 15, 2015--Standard & Poor's Ratings Services said today it had assigned its 'BBB-' long-term issue rating to the proposed dated, unsecured, resettable, callable notes to be issued by ASR Nederland N.V. (BBB+/Stable/--), the holding company of the ASR group of insurance companies. The rating on the notes is subject to our receipt and review of the issue's final terms and conditions.

The rating reflects our standard notching for a subordinated debt issue, which is two notches below the long-term counterparty credit rating on ASR Nederland N.V. This reflects our understanding that the noteholders will be subordinated to ASR's senior creditors. Furthermore, we understand that the subordinated notes contain an interest deferral provision, which gives ASR Netherlands N.V. the option to defer coupons, subject to a dividend pusher with a 12-month look-back period.

However, in the case of a regulatory deficiency event, coupon deferral is mandatory. This includes any event that causes the solvency margin to fall below:

- The minimum required solvency margin, additional solvency margin, or any

other capital adequacy levels (before the implementation of the Solvency II Directive); or

- The solvency capital requirement (after implementation of the Solvency II Directive) applicable to the issuer, insurance group, or any member of the insurance group.

We assume that the requirement for interest deferral under the current and future regulation is effectively tied to the issuer's, or the group's consolidated solvency. Once deferred, unpaid interest is cumulative and bears interest.

The issuer has the option, subject to consent from the trustee, to redeem, exchange, or vary the terms of the notes under certain circumstances, such as for regulatory, rating actions, or taxation reasons. The notes are callable in 2025 and at each annual interest payment date thereafter. This is also subject to the conditions of repayment, including approval from the insurance regulator. The coupon is fixed until the call date, when it will convert to a resettable fixed coupon and this will be reset every five years. We understand that the notes include a step-up at the first call date of a maximum 100 basis points to the fixed-rate spread if the call is not exercised.

We expect to classify the bonds as having "intermediate equity content" under our hybrid capital criteria. We include securities of this category, up to a maximum of 25%, in our calculation of total adjusted capital (TAC), which forms the basis of our consolidated risk-based capital analysis of insurance companies. Our inclusion in TAC nevertheless depends on the securities' eligibility for regulatory solvency treatment. The amount of hybrid capital we include cannot exceed the total eligible for regulatory capital.

We understand that ASR Netherlands N.V. expects to use the proceeds of the proposed notes to:

- Redeem €250 million of senior unsecured debt; and
- Finance its recently announced acquisition.

Overall, post issuance, we expect a moderate increase in financial leverage and moderate deterioration of fixed-charge coverage ratios in 2016-2017, although we expect them to remain comfortably below 20% and above 4x, respectively.

ASR Netherlands N.V. is the holding company of the insurance operating entities ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. (both rated A/Stable/--).

RELATED CRITERIA AND RESEARCH

- Insurers: Rating Methodology, May 7, 2013
- Criteria Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions, Oct. 22, 2012
- Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers,

Netherlands-Based Insurer ASR Nederland's Proposed Dated Junior Subordinated Notes Rated 'BBB-'

Look-Backs, And Pushers, Feb. 10, 2010

- Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Additional Contact:

Insurance Ratings Europe; InsuranceInteractive_Europe@standardandpoors.com

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's 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.

Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. 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.

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 acknowledgement 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 acknowledgement 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 nonpublic 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 and www.globalcreditportal.com (subscription) and www.spcapitaliq.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.