

Norwegian Life Insurer Storebrand Livsforsikring AS' Subordinated Notes Rated 'BBB'

June 25, 2020

S&PGR Rates Storebrand Livsforsikring's Sub Notes 'BBB'

FRANKFURT (S&P Global Ratings) June 25, 2020--S&P Global Ratings today assigned its 'BBB' issue rating to the Norwegian krone (NOK) 500 million floating-rate, subordinated tier 2 notes issued on June 19, 2020, by Norwegian life insurer Storebrand Livsforsikring AS (A-/Stable/--). We classify the notes as having intermediate equity content.

Our rating is two notches below the long-term issuer rating, which reflects our standard approach for rating subordinated debt issues. The rating reflects the subordination and interest deferral features of the notes, and takes into account our understanding that:

- The notes are subordinated to Storebrand Livsforsikring policy holders and senior creditors;
- The issuer can choose to defer interest as long as the issuer has not declared or made a dividend or other payment (including payment in relation to redemption or repurchase) on a more junior security in the previous six months;
- Under the notes' terms and conditions, interest deferral is mandatory if a solvency event has occurred, which, under Solvency II, would be a breach of the solvency capital requirement; and
- The notes will be eligible as regulatory solvency tier 2 capital.

We classify the notes as having intermediate equity content under our criteria. Securities of this nature can comprise up to a maximum of 25% of total-adjusted capital (TAC), which is the basis of our consolidated risk-based capital analysis of insurance companies. The inclusion in TAC is subject to the notes being considered eligible for regulatory solvency treatment and the aggregate amount of included hybrid capital not exceeding the total eligible for regulatory solvency treatment.

The notes are scheduled to mature on June 19, 2050. We understand that the instrument is callable on the fifth anniversary of issuance and quarterly thereafter. The floating rate notes will bear interest at the three-month Norwegian Interbank Offered Rate, plus a credit spread of 2.05%. The initial coupon is 2.42%.

We understand that Storebrand Livsforsikring plans to use the proceeds for general business purposes. We do not foresee any material impact on capitalization or leverage over the medium term.

Our issuer credit rating and outlook on Storebrand Livsforsikring AS (A-/Stable/--) and its holding company Storebrand ASA (BBB/Stable/--) are not affected by this action.

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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: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- 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

- Storebrand Group, Dec. 17, 2019

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/sourceld/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; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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