

Research Update:

Caisse Centrale de Reassurance Outlook Revised To Negative After Same Action On France; 'AA' Ratings Affirmed

December 7, 2022

Overview

- Caisse Centrale de Reassurance (CCR) plays a critical role for and has an integral link with the French government given its public policy role as a provider of unlimited reinsurance coverage for natural catastrophes.
- CCR also benefits from a state guarantee for the French natural catastrophe business.
- On Dec. 2, 2022, we revised our outlook on France to negative from stable and affirmed the unsolicited 'AA/A-1+' sovereign ratings.
- We therefore revised our outlook on CCR to negative from stable and affirmed the 'AA' ratings.
- The negative outlook on CCR mirrors that on France.

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Rating Action

On Dec. 7, 2022, S&P Global Ratings revised the outlook on Caisse Centrale de Reassurance (CCR) to negative from stable and affirmed the 'AA' long-term insurer financial strength and issuer credit ratings on the company.

Rationale

We equalize our long-term rating on CCR with our unsolicited long-term sovereign rating on France (AA/Negative/A-1+). This is because we believe the reinsurer shares an integral link with the French government and there is an almost-certain likelihood of government support if CCR experiences any financial distress.

CCR's government-guaranteed businesses are stated by law (Insurance Code, Art. 431) and include natural catastrophes, nuclear, terrorism, and other exceptional risks. The details of the law's implementation were reaffirmed in an agreement between the government and the company

in 2017. The government has to provide financial assistance to CCR when claims in one accounting year exceed the 90% threshold of the equalization and special reserve built up for this type of business.

CCR benefits from France's credit-evaluative system, under which the government does not need parliamentary approval to provide financial assistance for the company's guaranteed business, and there is no limit to the amount of support.

Outlook

The negative outlook on CCR mirrors that on France. This reflects our expectation that the company will maintain its critical role for and integral link with the French government over at least the next two years.

Downside scenario

We could lower our ratings on CCR if we lower our ratings on France.

Although unlikely at this stage, any indication of a weakening of the company's critical role for or integral link with the French government might prompt us to lower the long-term rating on CCR, potentially by several notches.

Upside scenario

We could revise the outlook on CCR to stable if we take a similar action on France and our view on CCR's critical role for and integral link with the French government is unchanged.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Insurance | Property/Casualty: Assessing Property/Casualty Insurers' Loss Reserves, Nov. 26, 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

- France Outlook Revised To Negative On Rising Budgetary Risks; 'AA/A-1+' Ratings Affirmed, Dec. 2, 2022

- Reinsurer CCR RE Downgraded To 'A-' On Moderately Strategic Group Status; Outlook Positive, Oct. 5, 2022
- Caisse Centrale de Reassurance, June 29, 2022

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Caisse Centrale de Reassurance		
Issuer Credit Rating		
Local Currency	AA/Negative/--	AA/Stable/--
Financial Strength Rating		
Local Currency	AA/Negative/--	AA/Stable/--

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