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## Research Update:

# Reinsurer Caisse Centrale de Reassurance Outlook Revised To Stable After Similar Action On France; 'AA' Ratings Affirmed

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## Research Update:

# Reinsurer Caisse Centrale de Reassurance Outlook Revised To Stable After Similar Action On France; 'AA' Ratings Affirmed

## Overview

- On Oct. 21, 2016, S&P Global Ratings revised its outlook on France to stable from negative and affirmed its 'AA/A-1+' sovereign credit ratings on the country.
- We are therefore revising our outlook on Caisse Centrale de Reassurance (CCR) to stable from negative and affirming our 'AA' long-term ratings.
- The stable outlook reflects that on France.

## Rating Action

On Oct. 25, 2016, S&P Global Ratings revised its outlook on French state-owned reinsurer Caisse Centrale de Reassurance (CCR) to stable from negative. We also affirmed the 'AA' long-term counterparty credit and financial strength ratings on CCR.

## Rationale

The outlook revision follows a similar action on France on Oct. 21, 2016 (see "Outlook On France Revised To Stable On Steadying Growth And Fiscal Outcomes; 'AA/A-1+' Ratings Affirmed," published on RatingsDirect).

We consider CCR to be a government-related entity (GRE). In our view, there is an almost certain likelihood that CCR would receive timely and sufficient extraordinary support from the French government in the event of financial distress. As a result, we expect the ratings and outlook on CCR to move in line with those on France. Furthermore, we consider that the French government's limited level of contingent liabilities does not constrain its capacity and willingness to support CCR in a timely manner in case of financial distress. More generally, we do not consider the government's general propensity to support the GRE sector to be doubtful.

Our opinion of an almost certain likelihood of government support reflects our view that CCR:

- Plays a critical role for the French government, which, under the current legal framework, has given the key public mandate to CCR to act as the provider of a unique and unlimited reinsurance cover for French insurers for risks such as natural catastrophes, nuclear risk, and terrorism attacks; and

- Has an integral link with the French government. Our assessment reflects the 100% state ownership of CCR and the government's explicit and unlimited, though not unconditional, guarantee that covers CCR's state-backed business. The French government exerts supervision and monitoring over CCR, which has the status of a public company.

We assess CCR's stand-alone credit profile at 'a', based on our view of the company's strong business and financial risk profiles that are built on its strong competitive position and extremely strong capital and earnings. However, under our criteria for rating GREs, we equalize our ratings on CCR with the long-term sovereign rating on France.

## Outlook

The stable outlook on CCR reflects the stable outlook on France. We believe that CCR will retain its critical role for and integral link with France. We therefore expect the ratings on CCR to move in line with those on the sovereign.

We could lower the ratings if we reassessed CCR's role for and link to the government and consequently concluded that the likelihood of support from the French government had weakened. However, we view this development as unlikely.

Additionally, we could raise the rating if France's credit quality were to improve and the likelihood of support for CCR remained almost certain.

## Related Criteria And Research

### Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Insurers: Rating Methodology, May 7, 2013
- Enterprise Risk Management, May 7, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Sovereigns: Sovereigns And Equalized GREs Commercial Paper Rating Methodology, March 29, 2012
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- 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

- Outlook On France Revised To Stable On Steadying Growth And Fiscal Outcomes; 'AA/A-1+' Ratings Affirmed, Oct. 21, 2016
- Caisse Centrale de Reassurance, Aug. 16, 2016

## Ratings List

Ratings Affirmed; Outlook Action

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

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