Advance Notice Of Proposed Criteria Change: Methodology And Assumptions For Analyzing Insurer Capital Adequacy

October 6, 2021

S&P Global Ratings is reviewing the criteria it uses to analyze the capital adequacy of insurance entities across all sectors worldwide, as laid out in "Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model," published June 7, 2010.

We update our criteria periodically to account for evolving market and industry conditions and to ensure the ongoing comparability and relevance of our ratings.

Our review will look at various aspects of our risk-based capital model, including (but not limited to) the calibration of asset and liability risk charges, the components of total adjusted capital, and the approach to diversification. Based on our review, we will consider refining our methodology and assumptions and will seek to consolidate several related criteria articles. We will also consider potential implications for related methodologies (for example, "Insurers Rating Methodology").

Following this advance notice, we expect to publish a request for comment (RFC) outlining our proposed criteria changes. We will then consider market feedback before publishing our updated criteria. Until the RFC is issued, we will not be able to speak to or provide further specifics about any potential changes being considered. We will accept comments on the proposed criteria only when the RFC is issued. Any rating actions will depend on the final criteria issued.

Related Publications

Related Criteria
- Insurers Rating Methodology, July 1, 2019
- Methodology And Assumptions For Analyzing Bond Insurance Capital Adequacy, July 1, 2019
- Methodology: Treatment Of U.S. Life Insurance Reserves And Reserve Financing Transactions, March 12, 2015
- Methodology: Mortgage Insurer Capital Adequacy, March 2, 2015

ANALYTICAL CONTACTS
Simon Ashworth
London
+ 44 20 7176 7243
simon.ashworth@spglobal.com

Ali Karakuyu
London
+ 44 20 7176 7301
ali.karakuyu@spglobal.com

Carmi Margalit, CFA
New York
+ 1 (212) 438 2281
carmi.margalit@spglobal.com

Eunice Tan
Hong Kong
+ 852 2533 3553
eunice.tan@spglobal.com

METHODOLOGY CONTACTS
Ron A Joas, CPA
New York
+ 1 (212) 438 3131
ron.joas@spglobal.com

Mark Button
London
+ 44 20 7176 7045
mark.button@spglobal.com
- Methodology For Assessing Capital Charges For U.S. RMBS And CMBS Securities Held By Insurance Companies, Aug. 29, 2014
- Assessing Property/Casualty Insurers' Loss Reserves, Nov. 26, 2013
- Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010

Related Guidance

- Guidance: Insurers Rating Methodology, July 1, 2019
- Guidance: Methodology And Assumptions For Analyzing Bond Insurance Capital Adequacy, July 1, 2019
- Guidance: Methodology For Calculating The Convexity Risk In U.S. Insurance Risk-Based Capital Model, March 2, 2018

This article is a Criteria article. Criteria are the published analytic framework for determining Credit Ratings. Criteria include fundamental factors, analytical principles, methodologies, and /or key assumptions that we use in the ratings process to produce our Credit Ratings. Criteria, like our Credit Ratings, are forward-looking in nature. Criteria are intended to help users of our Credit Ratings understand how S&P Global Ratings analysts generally approach the analysis of Issuers or Issues in a given sector. Criteria include those material methodological elements identified by S&P Global Ratings as being relevant to credit analysis. However, S&P Global Ratings recognizes that there are many unique factors / facts and circumstances that may potentially apply to the analysis of a given Issuer or Issue. Accordingly, S&P Global Ratings Criteria is not designed to provide an exhaustive list of all factors applied in our rating analyses. Analysts exercise analytic judgement in the application of Criteria through the Rating Committee process to arrive at rating determinations.

This report does not constitute a rating action.