

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

September 18, 2024

LONDON (S&P Global Ratings) Sept. 18, 2024--S&P Global Ratings today assigned its 'BBB+' issue rating to the Swedish krone (SEK) 1 billion subordinated Tier 2 notes issued yesterday by Norwegian life insurer Storebrand Livsforsikring AS (A/Stable/--).

Our rating on the notes is two notches below the long-term issuer credit and financial strength rating on Storebrand Livsforsikring, based on our standard approach and considering the notes' subordination and interest deferral features. We understand that:

- The notes are subordinated to Storebrand Livsforsikring's policyholders and senior creditors.
- The issuer can choose to defer interest payments at every interest payment date.
- Storebrand can redeem the notes on the first call date in 2029 and at every interest payment date thereafter.
- Under the notes' terms and conditions, interest deferral is mandatory if a solvency event has occurred; that is, if there is a breach of the solvency capital requirement under Solvency II.
- The notes will be eligible as regulatory Solvency II Tier 2 capital.

We classify the notes as having intermediate equity content under our hybrid capital criteria. The inclusion of these notes in our capital model is subject to the notes being considered eligible for regulatory solvency treatment.

Storebrand has indicated that it will invest an amount equivalent to the net proceeds of the bonds in eligible projects under its Green Bond Framework. Although we consider its framework aligned with the recommendations of the International Capital Market Association Green Bond Principles, we note that Storebrand has no legal obligation to invest as indicated.

We regard the green bonds as having the same loss-absorbing capacity as Storebrand's other Tier 2 instruments. In our view, the "green" designation does not limit the bonds' ability to absorb losses, either through coupon deferral or through liquidation of the assets if the group is in financial difficulty, whatever the nature of the event triggering the losses.

The floating-rate notes are scheduled to mature on Sept. 17, 2054. We understand that the instrument is callable at the first call date in September 2029, or on any interest payment date thereafter, subject to the repayment conditions, which include approval from the insurance regulator. Until 2034, the notes will bear annual interest equal to the three-month Swedish Interbank Offered Rate (STIBOR) plus a margin of 1.6%; thereafter, interest will step up by 100 basis points.

We understand that Storebrand may use some or all of the estimated net proceeds to repurchase

PRIMARY CREDIT ANALYST

Robert J Greensted
London
+ 44 20 7176 7095
robert.greensted
@spglobal.com

SECONDARY CONTACT

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

or refinance its existing Tier 2 debt. It will also allocate an amount equal to the net proceeds of the notes toward financing or refinancing green assets. We do not anticipate that the issuance will have a material effect on capitalization or leverage over the medium term.

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- 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: Principles Of Credit Ratings, Feb. 16, 2011

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.spglobal.com/ratings for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceid/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings. Alternatively, call S&P Global Ratings' Global Client Support line (44) 20-7176-7176.

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