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Research Update:

Milli Re Turkey National Scale Rating Lowered To 'trAA-' After Similar Actions On Sovereign And Parent

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Overview

- On Jan. 27, 2017, we revised the outlook on the Republic of Turkey to negative from stable. As a result, we lowered the Turkey national scale rating to 'trAA-' from 'trAA' on Türkiye İis Bankası AS (Isbank), the parent of Milli Reasurans T.A.S. (Milli Re).
- We view Milli Re as a moderately strategically important subsidiary of Isbank and the reinsurer invests the majority of its assets in Turkey. We therefore limit the rating on Milli Re at the parent and sovereign level.
- We are lowering our Turkey national scale rating on Milli Re to 'trAA-' from 'trAA'.

Rating Action

On Feb. 1, 2017, S&P Global Ratings lowered its Turkey national scale rating on Milli Reasurans T.A.S. (Milli Re) to 'trAA-' from 'trAA'.

Rationale

The rating action follows the outlook revision on our long-term local and foreign currency ratings on Turkey (see "Republic of Turkey Outlook Revised To Negative; Ratings Affirmed," published Jan. 27, 2017). As a result of that action, we lowered the national scale rating on Isbank, Milli Re's parent (see "Outlooks On Five Turkish Financial Institutions Revised To Negative After Sovereign Outlook Revision; Ratings Affirmed," published Jan. 31, 2017). These actions reflect increasing concerns over inflationary pressure, currency depreciation, and rising external and fiscal risks in Turkey.

We view Istanbul-based Milli Re as a moderately strategically important subsidiary of Isbank, one of Turkey's leading banks and 77%-owner of Milli Re. The reinsurer invests most of its assets in Turkey. Given these factors, we limit our rating on Milli Re at the parent and sovereign level and expect the ratings to move in tandem.

We could lower or raise our national scale rating on Milli Re if we took a similar action on the parent or the sovereign.

Related Criteria

- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, June 01, 2016
- General Criteria: National And Regional Scale Credit Ratings, Sept. 22, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Criteria - Insurance - General: Enterprise Risk Management, May 07, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology, May 07, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 07, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Outlooks On Five Turkish Financial Institutions Revised To Negative After Sovereign Outlook Revision; Ratings Affirmed, Jan. 31, 2017
- Republic of Turkey Outlook Revised To Negative; Ratings Affirmed, Jan. 27, 2017

Ratings List

Downgraded

	To	From
Milli Reasurans T.A.S. Counterparty Credit Rating Turkey National Scale	trAA-/---/--	trAA/--/--

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