Solvency II Ratios Move Into the Spotlight

According to Fitch*, the rating agency, investors in insurance companies have begun to use SCR data to analyse not only the financial strength of the companies they have invested in, but also the efficiency of capital use and as a comparator to other companies in the sector.

Whereas this observation is with reference to listed and traded insurers, we can expect that the disciplines of equity investors using SCR ratios as an important financial strength indicator will become more prevalent with insurers of all sizes.

Unlike in the US where all insurers can immediately be compared to each other by their AM Best rating, no equivalent regime existed in Europe and Solvency I ratios were rarely comparable. **Under Pillar 3 of Solvency II all insurers are required to publish their SCR coverage**. This means the level of transparency and comparability is increasing greatly under Solvency II and investors will increasingly use the SCR to not only form a view on the strength of their investment but also to determine if an optimal mix and level of capital has been deployed.

At Maiden IRC we work with mid-sized insurers to develop long term capital partnerships and help owners and management achieve, maintain and manage their target SCR through the deployment of Tier 1 and Tier 2 sub debt and quota share reinsurance.

*"Solvency II Ratios Move Into the Spotlight" 9th May 2016, https://www.fitchratings.com/site/pressrelease?id=100417

FitchRatings

MAIDEN HOLDINGS, LTD.

Insurance Regulatory Capital

Insurance Regulatory Capital (IRC) is authorized as an investment firm under MiFID. IRC provides eligible regulatory capital, principally in the form of T2 subordinate debt, to mid-sized insurers that are too small to access the capital markets.
Email: business@insuranceregcap.com | www.insuranceregcap.com