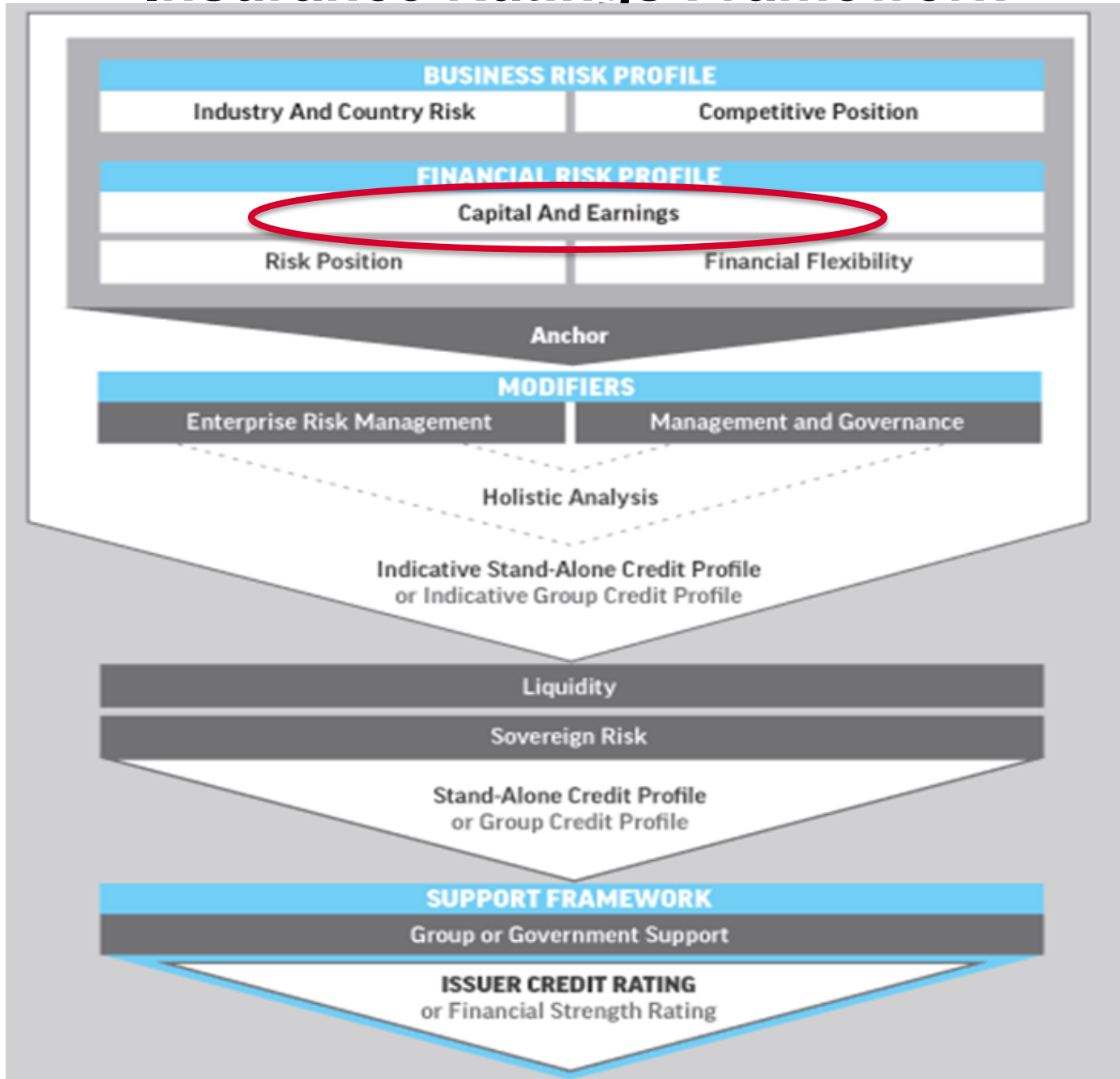


# Appendix



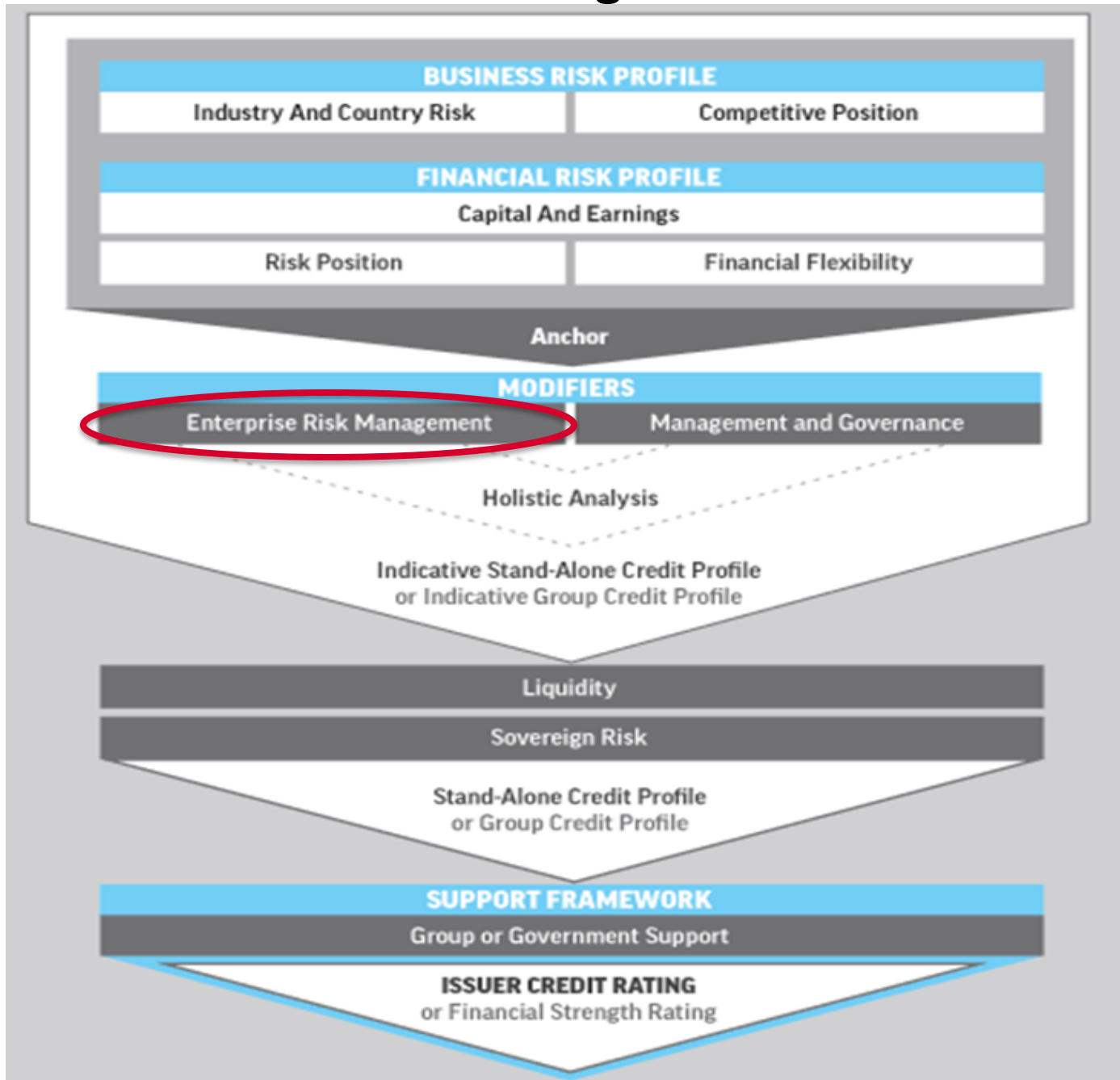
# Insurance Ratings Framework



# S&P's Insurance Capital Analysis

- **Investment Risk – C-1 Analysis**
  - **Corporate Bonds**
    - Assumptions
      - 5 yr. cumulative average loss given default over 30 years
      - Different charges based on bond maturity
  - **RMBS & Callable Bonds**
    - Risk charges based on interest rate risk sensitivity
  - **Input from S&P asset specialists across most sectors**
    - Corp./Structured Finance/Private Equity/Public Finance
- **Capital and Earnings Forecast**
  - **Our view of earnings & retention of capital**
    - Over three years (current and next two years)
  - **Forecast informed by**
    - Knowledge of company
    - Sector level judgment
    - Macro-economic assumptions

# Insurance Ratings Framework



# S&P's ERM Evaluation Framework

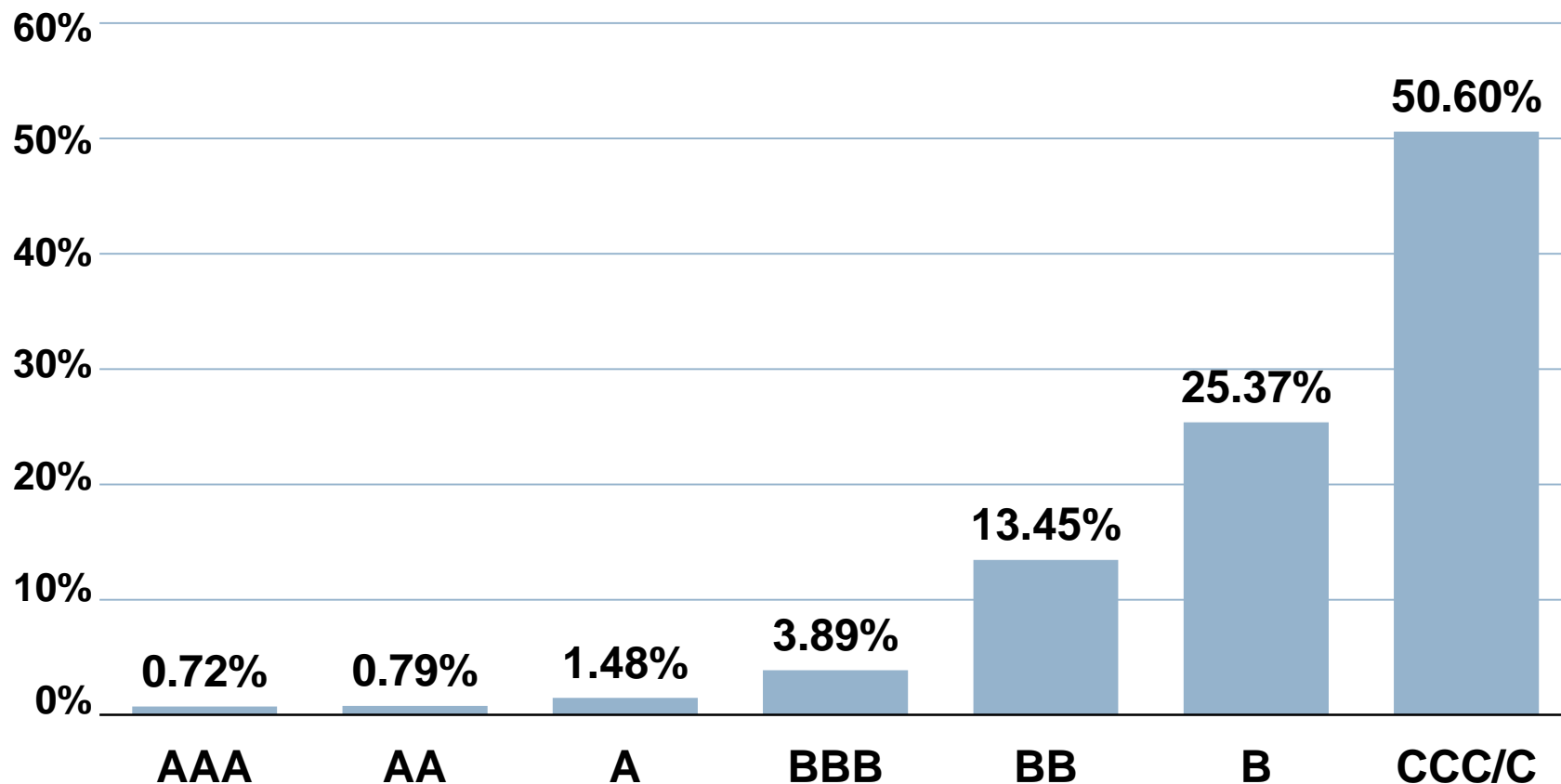
- **ERM reviews consist of five sub-factors**
  - Provide prospective view of risk profiles and capital needs



*Financial strength ratings can be influenced by  
our ERM opinion & its relative importance to rating*

# Our Track Record Over Time

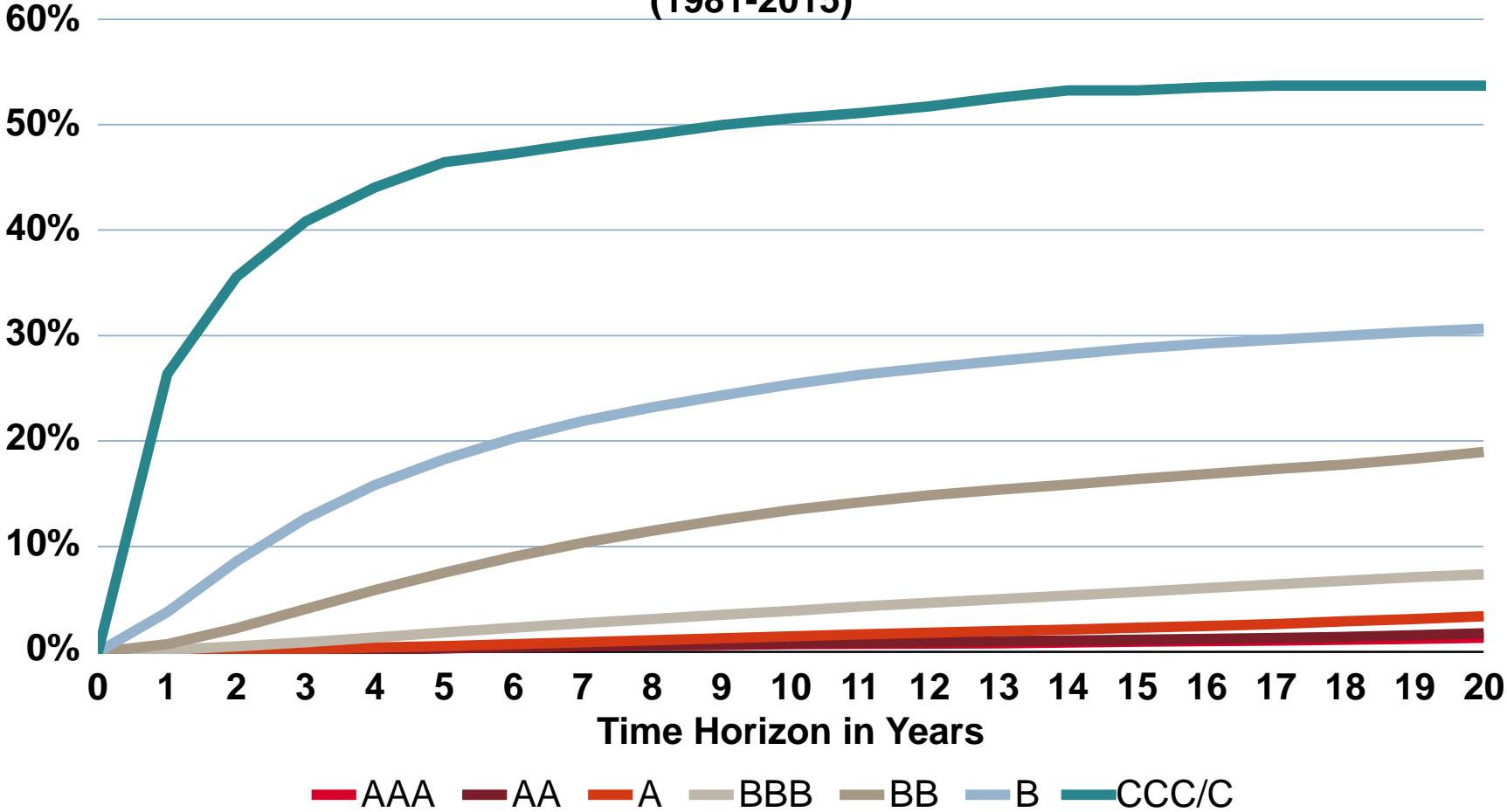
## Ratings Performance: Global Corporate Cumulative Default Rates Over 10 Years



Source: Default, Transition, and Recovery: 2015 Annual Global Corporate Default Study And Rating Transitions, May 2, 2016, S&P Global Fixed Income Research. Table 24.

# Global Default Risk By Ratings Categories

Global Corporate Average Cumulative Default Rates By Rating (1981-2015)



Source: Default, Transition, and Recovery: 2015 Annual Global Corporate Default Study And Rating Transitions, May 2, 2016, S&P Global Fixed Income Research. Chart 4.

**For more information on S&P Global Ratings,  
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