

Insurance Markets

Research Update:

Luxembourg-Based Reinsurer CGPA Re And Insurer CGPA Europe Assigned 'A-' Ratings; Outlooks Stable

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Overview

- France-based mutual insurer CGPA has provided unconditional guarantees to its Luxembourg-based subsidiaries CGPA Ré and CGPA Europe.
- We are assigning our 'A-' insurer financial strength ratings to these subsidiaries on the basis of the guarantees.
- The outlook on each entity is stable.

Rating Action

On Jan. 7, 2015, Standard & Poor's Ratings Services assigned its 'A-' long-term insurer financial strength ratings to Luxembourg-based insurers CGPA Ré and CGPA Europe. The outlooks are stable.

Rationale

The ratings on CGPA Ré and CGPA Europe are equalized with those on parent company, French mutual insurer CGPA (A-/Stable/--), based on an explicit guarantee that meets Standard & Poor's Ratings Services' relevant criteria.

CGPA Ré is the 100%-owned Luxembourg-based reinsurance entity of CGPA, and it provides reinsurance to CGPA and other cedants in the form of quota share and excess-of-loss treaties.

CGPA Europe is 100% owned by CGPA Ré and operates in European markets outside France. It provides professional liability coverage for insurance intermediaries in markets such as Ireland and Italy. We expect CGPA Europe will grow its business further over the next two years.

CGPA is a French mutual insurer specialized in professional liability insurance and pecuniary guarantees for insurance intermediaries. The company benefits from a long-term and defensible niche position in this market, proven by a market share of almost 100% in the tied-agents segment and about 55% in the small-to-midsize broker segment. The rating reflects our view of CGPA's satisfactory business risk profile and strong financial risk profile.

Outlook

The outlooks on CGPA Ré and CGPA Europe are stable. Provided that the parental support agreement remains in force, the rating and outlook on these subsidiaries will continue to be aligned with the rating and outlook on CGPA.

Related Criteria And Research

Related Criteria

- Group Rating Methodology, Nov. 19, 2013
- Insurers: Rating Methodology, May 7, 2013
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- CGPA, July 23, 2014

Ratings List

New Rating

CGPA Re

CGPA Europe

Financial Strength Rating

A-/Stable/--

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