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## **Ratings On Tokio Millennium Re And Tokio Millennium Re (UK) Placed On CreditWatch With Negative Implications**

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Tokio Marine Holdings announced on Oct. 31 that it has reached an agreement to sell 100% of its reinsurance subsidiaries, Tokio Millennium Re AG (TMR) and Tokio Millennium Re (UK) Ltd. (TMR (UK)), to Bermuda-based RenaissanceRe Holdings Ltd. (RenRe).

We believe the guarantees provided to TMR and TMR (UK) by Tokio Marine Group's core subsidiaries could be terminated when RenRe takes control, while support from RenRe is uncertain.

We are placing our financial strength ratings on TMR and TMR (UK) on CreditWatch negative.

We intend to resolve the CreditWatch statuses when we complete our review of parental support for both entities and their strategic positions under the new parent.

TOKYO (S&P Global Ratings) Nov. 2, 2018--S&P Global Ratings today said that it has placed its 'A+' financial strength ratings on Switzerland-based TMR and U.K.-based TMR (UK) on CreditWatch with negative implications. Both entities are owned by Tokio Marine & Nichido Fire Insurance Co. Ltd. (TMNF), a subsidiary of Tokio Marine Holdings Inc. (TMHD).

The rating actions follow TMHD's announcement that it has reached an agreement to sell 100% of both entities to RenRe. TMR holds a guarantee from TMNF and Tokio Marine & Nichido Life Insurance Co. (TMNL), which are both core subsidiaries of Tokio Marine Group. TMR (UK) holds a guarantee from TMNF. We therefore equalize our financial strength ratings on both entities with those on the guarantors, reflecting their unconditional guarantees for both entities' reinsurance policy obligations. In our view, the guarantees could be terminated when RenRe takes control. We also believe it is uncertain whether RenRe will succeed the guarantees. If the guarantees are not succeeded by RenRe, we will need to base our ratings on TMR and TMR (UK) on their group statuses under the RenRe group and on their stand-alone credit profiles if necessary.

We expect to resolve the CreditWatch placements when we complete our review of parental support for both entities and their strategic positions within the RenRe group. We may downgrade TMR and TMR (UK) by one notch or more. The ratings will likely depend on whether the new parent will succeed the guarantees, and if not, how these entities will be positioned within the new group.

Meanwhile, we believe the agreement for the sale of TMR and TMR (UK) has no impact on the ratings on other rated subsidiaries of Tokio Marine Group. This is because the profits or losses from, and after, the sale are likely to be limited for the group. Selling both entities could reduce risks and be positive for the group's capital, although any effect will be limited because both entities, on a combined basis, account for about 5% of the group's net premiums written and for about 3% of its total assets.

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