STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

Summary:

ING Verzekeringen N.V.

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Summary:
ING Verzekeringen N.V.

Credit Rating:	BBB+/Stable/A-2

Rationale

Standard & Poor's Ratings Services' ratings and outlook on ING Verzekeringen N.V. (INGV) and its operating subsidiaries are limited by their ownership by ING Groep N.V. (ING). In our opinion, this will continue until INGV has a significantly larger degree of insulation from ING and more control of its financing cashflows and strategy. Currently there is a one-notch constraint on the rating on INGV given its ownership by ING, as the group credit profile (GCP) of the INGV insurance sub-group remains at 'a+'. This latter assessment analyses the insurance operations before the current constraint from ING ownership.

The 'a+' GCP combines our view of INGV's strong business risk profile, given its market position in the Benelux, its strong financial risk profile, and one notch of uplift owing to a favorable combined assessment of enterprise risk management (ERM) and management and governance.

On Dec. 2, 2013, we lowered a number of ING ratings following the downgrade of the sovereign credit rating on the State of The Netherlands. The impact on the ratings of the insurance operating subsidiaries was the direct result of the current ownership and control by ING. (See "Three Dutch Financial Service Groups Ratings Lowered Following Similar Action On The Netherlands," published Dec. 2, 2013.)

Although INGV's operations are assessed as "not strategically important" to ING, the ratings on INGV's subsidiaries are limited by those on ING Bank because of the ongoing linkages between ING and INGV. We expect this to continue until ING makes significant progress in divesting INGV, for example, if it were to become a minority shareholder and if INGV's funding was largely independent of ING.

There is downward pressure on the 'a+' GCP of the insurance sub-group. Prior to the downgrade of INGV's core insurance operating entities on Dec. 2, 2013 to 'A' from 'A+', both entities had a negative outlook, predominantly signaling the risks to the GCP of the INGV insurance sub-group and the potential for a weakening of INGV's financial risk profile during the divestment by ING.

Outlook

The stable outlook on INGV is linked to the stable outlook on ING. The ratings and outlook on INGV and its operating subsidiaries will remain limited by its ownership until there is a significantly larger degree of insulation from ING and more control by INGV of its financing cashflows and strategy.

We could take a positive rating action on INGV if:

There is a significantly larger degree of insulation from ING than is currently the case. This might occur when ING makes significant progress in divesting INGV, for example, if it were to become a minority shareholder and if INGV's funding was largely independent of ING; and most importantly that the GCP of INGV's core operating entities remains 'a+'. This would require:

- Capital and earnings remaining resilient at strong levels; and
- The insurance operations' access to sources of capital and liquidity remaining substantial and overall financial flexibility remaining strong; and
- No downward revision to the overall assessment of insurance industry and country risk in the Dutch life sector to moderate from industrywide profitability concerns.

We could also raise the ratings on INGV if we raise the ratings on ING due to the ongoing linkages between ING and INGV. However, ING currently has a stable outlook.

We may take a negative rating action on INGV if:

- There is a negative rating action on ING prior to a significantly larger degree of INGV's insulation from ING; or
- The GCP of the insurance sub-group deteriorates by at least two notches from the current 'a+' level. We currently consider this remote, but it could occur from a combined deterioration in both the business and financial risk profiles.

Ratings Score Snapshot

Financial Strength Rating*: A/Stable

*Of INGV's core operating subsidiaries.

Group Credit Profile: a+
Insurance sub-group
Anchor: a

- Business Risk Profile: Strong
- IICRA: Intermediate Risk
- Competitive Position: Strong
- Financial Risk Profile: Strong
- Capital and Earnings: Strong
- Risk Position: Intermediate Risk
- Financial Flexibility: Strong

Modifiers: +1

- ERM and Management: +1
- Enterprise Risk Management: Strong
- Management and Governance: Satisfactory
- Holistic Analysis: 0

- Liquidity: Strong

Support: -1

- Group Support: -1
- Government Support: 0

IICRA--Insurance Industry And Country Risk Assessment.

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