



## Fitch: Ethias's Capital Likely to Benefit from Switch VI Operation

Fitch Ratings-London-19 December 2016: Fitch Ratings says that the Switch VI initiative launched by Ethias SA (Ethias) is likely to benefit its capital position.

Ethias announced on 13 December 2016 that it has offered policyholders of "FIRST Account" (First A) products signed before September 2003 a financial incentive if they decide to redeem their policies. Customers will receive a 25% premium on the surrender value if they exit these products. First A are capital-intensive products, under which guarantees are paid until the policyholder reaches the age of 99.

Despite the cost associated with the Switch VI initiative, Fitch believes that Ethias's capital position will likely be stronger and less sensitive to changes in interest rates once the operation is completed and the amount of reserves associated with First A products reduced.

As of 13 December 2016, EUR671m of First A reserves were redeemed and a further EUR105m are pending. Although the offer ended on 9 December, customers have until 23 December to send the relevant documents to Ethias.

Fitch placed Ethias's ratings on Rating Watch Positive on 12 September 2016 following the company's announcement that it is considering a plan aimed at strengthening its Solvency II position and reducing the sensitivity of its Solvency II coverage ratio to changes in interest rates.

Fitch will review the impact of the Switch VI operation on Ethias's ratings in the next few weeks and will comment further as appropriate.

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