UMG Groupe VYV

Full Rating Report

Ratings

Insurer Financial Strength Ratings

Harmonie Mutuelle	A+
Mututelle Generale de l'Education Nationale (MGEN)	A+
Mutex SA	A+
Mutuelle Generale De L'Economie, Des Finances et De l'Industrie (MGEFI)	A+
Mutuelle Nationale Territoriale (MNT)	A+

Long Term Issuer Default Rating

UMG Groupe VYV	A

Outlooks

Stable

Financial Data

Groupe VYV

(EURm)	2017
Total assets	18,810
Total equity	4,775
Net income	63.5
Earned premium	6,701
Net income return on equity (%)	1

Source: Fitch Ratings, Groupe VYV

Related Research

French Health Insurance Market (January 2019)

French Insurance 2019 Outlook (November 2018)

Analysts

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Key Rating Drivers

Newly Established Group: UMG Groupe VYV is the largest French health and protection mutual insurance group. It results primarily from the merger in 2017, under the French legal structure UMG (Union Mutualiste de Groupe), of two mutual groups, UMG Istya and UMG Groupe Harmonie, themselves composed of multiple, well-established mutual entities. UMG Group VYV, the central body, is in charge of implementing the group's strategy and governance, and supervises its mutual affiliates.

Group Rating Approach: The ratings reflect Groupe VYV's strong business profile, very strong capitalisation and leverage, low profitability, and moderate asset risk. Its core operating entities carry the same IFS ratings, which are based on a consolidated group assessment. Fitch Ratings views these entities as 'core' to Groupe VYV.

Strong Business Profile: The ratings also reflect the group's leading franchise in health insurance in France, complemented by strong franchises in protection, healthcare services and equipment. Groupe VYV's limited diversification by insurance business lines and geographies constrains our assessment of its business profile. We expect the group to expand and diversify through organic growth as part of the strategic plan or new mutual membership over the next five years.

Very Strong Capitalisation: Fitch assesses Groupe VYV's capitalisation as very strong. Fitch's Prism Factor-Based Model score of 'Extremely Strong' reflects the primarily low-risk, short-tail nature of the business because of the low-risk charges for premiums and reserves. The Solvency 2 Coverage Ratio was 180% at 1 January 2018, benefiting from joint solidarity mechanisms binding members of the group. Financial debt leverage, as calculated by Fitch, is very low, 6% at end-2017, which is positive for the ratings.

Low Profitability: We expect Groupe VYV's profitability to remain weak, as it plans to grow in a challenging operating environment. Groupe VYV's average Fitch-calculated return on equity (ROE) for 2016-2017 was around 1%, a level that we view as low but is consistent with Groupe VYV's strong capital base and mutual status.

Low Investment and ALM Risk: Groupe VYV's investment policy is prudent, as reflected in a risky-assets-to-equity ratio of 58% at end-2017, a level that Fitch views as in line with the strong credit profile. It has very low asset-liability management (ALM) and liquidity risks, in Fitch's view, given the profile of the investment guarantees and the liquidity of the invested portfolio. The overall non-life reserving risk is low.

Rating Sensitivities

Strategic Plan Implementation: The ratings could be upgraded if Groupe VYV significantly diversifies its geographical and business mix, while maintaining strong capitalisation and leverage. However, we consider that this is unlikely to happen in the near to medium term.

Weaker Capital, Leverage, and Earnings: The ratings could be downgraded if Groupe VYV fails to deliver on its strategic plan of key operating company transformation, diversification and cost synergies and if the Prism score falls to the lower end of the "Very Strong" category, or if the group is unable to make profits for a sustained period of time.

FitchRatings

UMG Groupe VYV

Insurance Ratings Navigator
European Composite

European Composite	
Publish Date:	05-Feb-19

Sector Details:		
Sector:	European Composite	
Region:	Developed Markets - Europe	
Country:	France	
Country IDR:	AA	Stable
Country IDR Action:	Affirmed	
Country Action Date:	18-Jan-19	
Country Ceiling:	AAA	

Ratings History

Date	IFS		Action
28-Jan-19	A+	Stable	New Rating

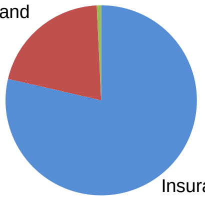
Other Factors & Criteria Elements				
Provisional Insurer Financial Strength				**A+**
Non-Insurance Attributes	Positive	**Neutral**	Negative	+0
Corporate Governance & Management	**Effective**	Some Weakness	Ineffective	+0
Ownership	Positive	**Neutral**	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	**No**	AAA	+0
Insurer Financial Strength (IFS)			Final:	**A+**
IFS Recovery Assumption	**Good**			-1
Issuer Default Rating (IDR)			Final:	**A**

Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	
Bar Colors = Relative Importance	
■	Higher Influence
■	Moderate Influence
■	Lower Influence
Bar Arrows = Rating Factor Outlook	
⇧	Positive
⇩	Negative
⇳	Evolving
□	Stable

Related Criteria

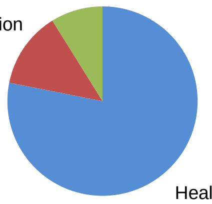
Insurance Rating Criteria (January 2019)

Revenues By Business Line
End-2017



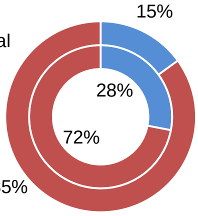
Source: Groupe VYV

Insurance Revenues
End-2017



Source: Groupe VYV

Business by Policy Type
Inner Circle : Health
Outer Circle : Protection
As at end-2017



Source: Groupe VYV

Business Profile

Strong Business Profile, Limited Diversification

Fitch ranks Groupe VYV's business profile as 'Moderate' (as defined within Fitch's criteria, and discussed in Appendix A of this report), due to its leading position in the French health market, offset by a limited diversification and track record as a newly formed group. Given this ranking, Fitch scores Group VYV's Business Profile at 'a+' under its credit factor scoring guidelines.

Large Key Operating Entities

Harmonie Mutuelle (health and protection) is the largest operating company of Groupe VYV and the largest mutual in France (EUR2.5 billion gross written premium at end-2017, 4.4 million persons covered). MGEN, the second largest operating mutual of the group and the second largest mutual in France (EUR2.1 billion gross written premium at end-2017) was created in 1946, with a focus on French teachers (over four million persons covered).

The other main entities include MNT, the leading health and protection mutual for local-authority civil servants (1.1 million persons covered, 30% market share) which was founded in 1964, and MGEFI, a health and protection mutual dedicated to the Finance and Industry Ministries (330,000 persons covered, 82% of Ministry staff covered), founded in 2007.

Mutex is the main life / protection insurance mutual of the group. Group VYV owns 51% of Mutex through Harmonie Mutuelle. Groupe VYV is committed to developing Mutex as the core life / protection mutual of the group.

Leading Market Position

Groupe VYV is a large health and protection group, with around EUR9 billion in revenue and 10 million persons covered in 2017 (15% of the population in France). Its strong franchise and market position are major advantages. It is the market-leader in health insurance, being twice as large as its main competitor in terms of premiums. The group also ranks sixth in protection in France.

Groupe VYV derives the largest part of its business from individual policies (see chart on the left), a segment where mutual companies typically have a larger market share. Its insurance products are distributed through several long-established and well recognised brands in France.

The health insurance business is complemented by health care services (for children, the elderly, and the needy through around a thousand specialised centres or direct home assistance and medical equipment). Groupe VYV also has a leading position in healthcare services in France. More details on non-insurance businesses in *Key Non-insurance operations,* below.

Limited Diversification

Groupe VYV shows a concentrated business profile: the business mix is dominated by health insurance (78% of insurance revenue - see chart on the left) and revenue originates almost exclusively from France.

Fitch views Groupe VYV's limited of diversification by business line and geography as a constraining factor. It may be more deeply affected than multi-line insurers by external shocks such as government decisions on healthcare policy or by intensifying competitive pressure in France, leading to tighter margins and a weakening in underwriting profitability.

The limitations of the business profile are mitigated by the vertical integration of its non-insurance health business, which provides diversifying cash flows as well as a practical medical expertise relevant to its core health insurance business. Fitch also believes that the large-scale, increasingly coordinated group approach and strong brands provide Groupe VYV with key advantages in facing external vulnerabilities such as regulatory and competitive pressures.

New Strategic Plan

Groupe VYV has defined a strategic plan for 2019-2023, which is a combination of social and financial objectives, consistent with the principles and values set out in the founding text of the group. The overall goal is to develop the company as a leading diversified, sustainably performing health and protection mutual group that serves the needs of all its policy-holders, clients and patients.

Key strategic actions include development of the protection, pensions and savings business and related service offerings (prevention, assistance), digitalisation (e-health), and geographical expansion.

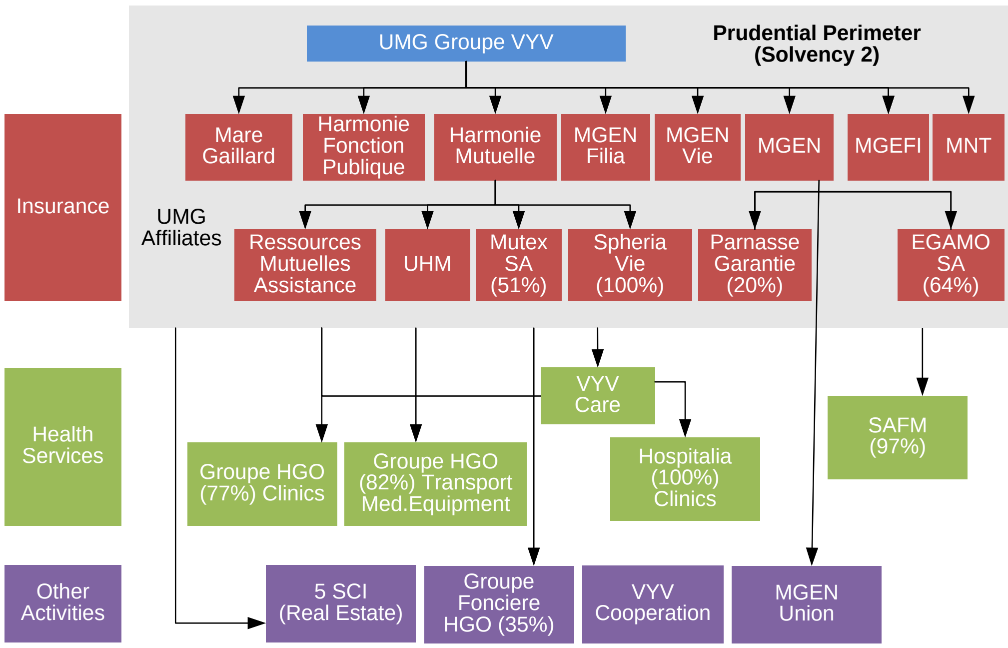
In 2019, the group's strategy will be broken down and applied in each of the member mutuals. The central body, UMG, will be responsible for monitoring progress. In the short to medium term, the plan is for each mutual to focus and grow on its key market strength. The group intends to diversify beyond its core health business, into protection and pensions and savings. The management expects group synergies and cost savings to be fully delivered by 2022.

Fitch expects the group's scale and coordination to enhance its competitive positioning. We also expect the group to expand and diversify through organic growth and new mutual memberships, which is ultimately positive for the company's business profile.

Ownership

Ownership is neutral to rating. Groupe VYV is a mutual insurance group company covered by the Mutual code, which is governed by people elected by its members. The French legal structure, UMG ("Union Mutualiste de Groupe") binds members of a mutual together as a group. Mutual ownership tends to offer fewer conflicts between the interests of owner and creditor, but typically has a lower degree of financial flexibility than a publicly-owned organisation.

Structure Diagram



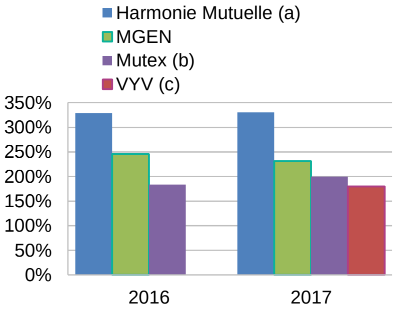
Source: Fitch Ratings

Capitalisation and Leverage

(Currency)	2013	2014	2015	2016	2017	Fitch's expectation
Shareholders' equity (EURm)	n.a.	n.a.	n.a.	4,701	4,775	Fitch expects Groupe VYV's capitalisation and Solvency 2 ratio to decrease in 2018 while remaining very strong. Financial leverage may increase depending on the company's issuance plans but is nevertheless expected to remain at the lower end of its rating band.
Total financing and commitments (x)	n.a.	n.a.	n.a.	0.1	0.1	
Financial leverage	n.a.	n.a.	n.a.	6	6	

Source: Fitch Ratings, Groupe VYV

Solvency 2 Ratios - VYV Group
Key Operating Entities



(a) Inc. transitionals on equities
(b) Inc. transitionals on provisions and volatility adjustment
(c) 238% with fully fungible capital ("Economic View").
Source: Company accounts

Very Strong Capitalisation

'Extremely Strong' Prism FBM score

Capitalisation is a key rating strength of the group. Groupe VYV's Prism FBM score was 'Extremely Strong' based on end-2017 financials. There is, however, a high proportion of softer forms of capital present within the assessment. Unrealised capital gains, for which the Prism FBM assessment gives capital credit, represented 18% of Total Available Capital. We anticipate that the company's growth strategy, combined with market volatility, may put pressure on the very strong capital buffer.

Strong SCR Coverage

Groupe VYV reported a strong coverage of the Solvency Capital Requirement (SCR) at 180% at 1 January 2018, under the standard formula and solidarity mechanisms in place on 1/1/2018 (see Effective Support Mechanisms below for details). Under an "economic view" assuming a full fungibility of capital, the ratio is 238% (231% without transitional arrangements). We anticipate that business growth, combined with market volatility, will likely increase the demand on capital in the next two years. Groupe VYV does not publish Solvency 2 ratio sensitivities to market shocks at the moment.

Groupe VYV's intention is to ultimately agree with mutual of the group a strengthened financial solidarity mechanism. Solvency 2 ratio will then fully reflect this "economic" view.

Effective Support Mechanisms

Entities under the prudential perimeter of Groupe VYV group are bound by joint solidarity mechanisms to maintain the solvency and liquidity of members, as defined in a binding affiliation agreement. Support mechanisms would be triggered if the Solvency 2 ratio of a member mutual fell below 110%. As a preventative measure, a mandatory audit is conducted if Solvency 2 ratio falls below 140% or drops by 30 percentage points over a year.

Under the agreement, each entity has to contribute to the financial solidarity plan in a proportion equal to its capital in excess of 160% of its solvency ratio. The agreement is expected to be revised to strengthen existing support mechanisms.

In addition, mutual companies joining the group have to pay a contribution to a solidarity fund (EUR46 million as at end-2017) and a fund supporting UMG's central resources (EUR69 million as at end-2017).

Internal reinsurance mechanisms also bind mutual entities of the group together. Groupe VYV typically favours this reinsurance approach over cash transfers to manage capital adequacy.

Very Low Financial Leverage

Financial Leverage Ratio (FLR), as calculated by Fitch, was 6% at end-2017, which we view as low. Groupe VYV's financial debt consisted exclusively of subordinated debt owned by a member and short-term debt. Groupe VYV has a low level of total financial commitments, as measured by the agency's TFC ratio, which makes use of a broader definition of debt than traditional financial leverage.

Very Strong Coverage; Adequate Financial Flexibility

Very Strong Fixed Charge Coverage

Fixed-charge coverage, (including realised and unrealised gains and losses), as calculated by Fitch, is very high, as the company has little debt to service.

Adequate but Untested Financial Flexibility

As a mutual organisation, Groupe VYV has limited access to financial markets and does not have shareholders able to provide additional capital. We consider the group's financial flexibility as adequate but untested to date, as neither the UMG nor the member mutual companies had to issue debt in the financial markets. This may change if the group decides to fund its development through debt issuance. However, we believe Groupe VYV, as the largest French mutual group, would have no difficulty in issuing debt, despite its mutual ownership and lack of issuance so far.

Financial Performance and Earnings

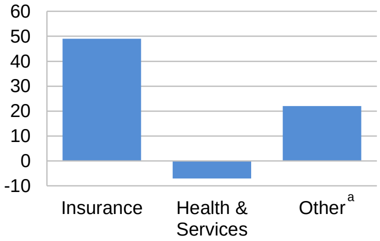
(Currency)	2013	2014	2015	2016	2017	Fitch's expectation
Net income (EURm)	n.a.	n.a.	n.a.	37,2	63,5	Fitch expects VYV's profitability to remain weak, slightly diminishing in the next two years until the benefits of the group's transformation start to materialise. The combined ratio for the main operating entities is likely to remain above 100.
Net income ROE (%)	n.a.	n.a.	n.a.	0	1.3	
Reported combined ratio (%)	n.a.	n.a.	n.a.	n.a.	100.6	

Source: Fitch Ratings, Groupe VYV

Slow Financial Growth

Net Income Contribution

End 2017



[a] Mainly Real Estate activities
Source: Groupe VYV

Resilient Operating Earnings

Groupe VYV performed well in its first year of operation, with a reported net income of EUR63.5 million. Groupe VYV's reported combined ratio and loss ratio was 100.6% and 90.9% in 2017 and does not anticipate these ratios will improve until 2022, when the group completes its transformation. Non-insurance business a material part of group profitability (see "Key Non-Insurance Operations/Exposure" for details).

Groupe VYV anticipates a premium growth of around 4% per year until 2021, mainly driven by a rise in market share increase and an increase in tariffs reflecting medical costs inflation..

The group is in the process of setting up financial reporting by business line and therefore does not publish combined ratios or other profitability statistics for health, protection or life across entities.

Historically Stable but Low Profitability of Key Entities

Among the main mutuals within the group, Harmonie Mutuelle has the strongest history of profitability, posting robust positive net earnings and steadily improving combined ratios since 2013. For the FY2018, Harmonie's net earnings are expected to improve, while its combined ratio will most likely deteriorate albeit remaining below 100%.

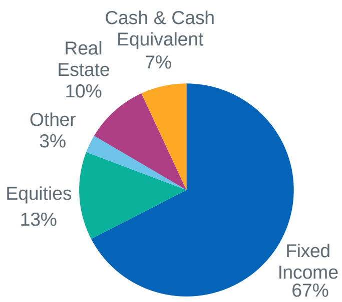
MGEN reported losses in 2017, due to adverse claims experience, while combined ratio remained high at 106%. MGEN's earnings and combined ratio are projected to improve for the FY2018. On the other hand, Mutex, the protection arm of the Group, is expected to remain a strong contributor to VYV's earnings in 2018 as it was in 2017.

Investment and Asset Risk

(Currency)	2013	2014	2015	2016	2017	Fitch's expectation
Risky assets/capital	n.a.	n.a.	n.a.	57	58	Fitch expects asset allocation to remain broadly stable in 2018-19. Investment risk relative to shareholder funds is expected to remain low.
Unaffiliated equities/capital	n.a.	n.a.	n.a.	42	43	
Non-investment grade bonds/equity	n.a.	n.a.	n.a.	12	12	

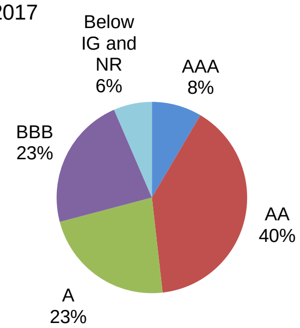
Source: Fitch Ratings, Groupe VYV

Investment Asset Breakdown
End-2017



Source: Groupe VYV, Fitch

Fixed Income Rating Split
End 2017



Source: Groupe VYV, Fitch

Moderate Investment Risk Profile

Low Investment Risk Relative to Shareholder Funds

Fitch views Groupe VYV's consolidated asset risk exposure as moderate and consistent with the group's business risk profile. At end-2017, the risky assets-to-equity ratio stood at a moderate 58%, because of the large shareholders' funds of the company, and despite a relatively high allocation to equities of 13% using a look-through approach.

Mutuals are responsible for defining and implementing their investment strategies, with the UMG central body providing guidance, oversight and controls. Of the investment assets, 53% are held in Mutex, the life insurance company. The group has a comfortable liquidity position to meet policy-holder obligations.

High Quality Fixed-Income Portfolio

Groupe VYV manages a high-quality bond portfolio, with 71% of government and corporate bonds rated above 'A-' while 6% are non-investment-grade or non-rated. Country exposure shows some concentration in France (62.5% of the fixed income portfolio, equivalent to 1.2x capital), which is consistent with the company's geographical focus, but there is also exposure Italy and Spain (6.3% and 5.3% respectively).

Overall, Fitch believes Groupe VYV's bond portfolio contains low credit risk and that the group is capable of managing the volatility risk inherent in this asset class.

Asset/Liability and Liquidity Management

(Currency)	2013	2014	2015	2016	2017	Fitch's expectation
Liquid assets/net technical reserves (total) (%)	n.a.	n.a.	n.a.	143	142	Fitch expects ALM and liquidity profile to remain non-significant at the Groupe VYV level. Fitch expects Mutex, the group's life mutual, to maintain robust asset-liability management and related liquidity and interest-rate risks to remain low.

Source: Fitch Ratings, Groupe VYV

Strong ALM and Liquidity Profile

Low Exposure to Interest Rate Risk

Mutex's fixed-income asset duration is structurally shorter than the expected duration of its life insurance liabilities. Fitch views Mutex's management of this ALM mismatch as disciplined, supported by a robust risk framework (duration limits by asset class, ratings and maturity). In 2017, the duration gap was below one year.

Mutex's investment yield was 2.9% for the FY17 (2.7% excluding realised gains and losses), above the average guaranteed rates of 2.24%.

Strong Liquidity Profile

The liquidity profile of Groupe VYV is strong, supported by a substantial EUR1 billion of cash on balance sheet at end-2017 that exceeded the amount of short-term debt (EUR0.5 billion at end-2017). Fitch considers the group's liquidity management to be cautious, given the significant potential for raising liquidity provided by the group's high-quality fixed-income investments.

Reserve Adequacy

(Currency)	2013	2014	2015	2016	2017	Fitch's expectation
Loss reserves/equity (x)	n.a.	n.a.	n.a.	0.2	0.2	Fitch expects Groupe VYV's overall reserving risk to remain low and life reserves, which represent the majority of consolidated reserves, to remain adequate.
Net technical reserves/net written premiums (%)	n.a.	n.a.	n.a.	55	61	

Source: Fitch Ratings, Groupe VYV

Good Reserve Adequacy

Short-Tail Health Business

Groupe VYV's core non-life health insurance business (ie. medical expenses) has contract durations typically of one year, with short reporting and settlement patterns, which results in a tail of only a few months, which is low compared to other non-life companies. Fitch views the low-risk nature of Groupe VYV's book of business as a major advantage over other non-life insurers, which have longer tails and bear higher product risk.

Adequate Life & Protection Reserving

Some 75% of Groupe VYV's consolidated reserves are held at Mutex. They consist mainly of life, (occupational) disability and long-term care reserves held at Mutex. Fitch maintains a favourable view of the quality of Mutex's reserving approach.

Limited Reinsurance Protection Required

Groupe VYV's book of business consisting mainly of health short-term risk, comprehensive reinsurance coverage is less necessary than for high-risk or long-tail insurers. As a result, Groupe VYV ceded only 7% of its premiums and 13% of its Best Estimates reserves are ceded to reinsurers in 2017, mainly for longer-tail protection risks where the company has less experience. Fitch views this approach as appropriate, due to the low volatility of Groupe VYV's book of business. The average rating of the reinsurance providers is strong, with ceded reserves placed with over 60% of reinsurers rated in the 'AA' and above.

Non-Insurance Operations Neutral to Ratings

Healthcare & Related Services to Remain a Strategic Focus

As part of its non-insurance activities, Groupe VYV's 'Healthcare and Related Services' business line accounted for 21% of the Group's total turnover in 2017. These activities include medico-social services (10% of group turnover), health services (7%), while the remainder is mostly medical supplies distribution.

Fitch sees these businesses as a drag on earnings, as they mostly experienced operating losses in the past years. We believe, however, the entities involved are adequately capitalised on an individual basis to sustain these losses.

These activities are centralised and have been monitored through the holding company 'VYV Care' since 2018, which Fitch believes will improve performance management. Moreover, Fitch views these activities as complementary to the health insurance business, as the group is able to combine insurance and various care products within its offering. We therefore believe that Groupe VYV, in addition to expanding and diversifying its insurance business, will continue viewing healthcare and related services as a strategic area of development.

Other Activities Support Group Profitability

The remainder of Groupe VYV's non-insurance activities are mostly 'Société Civile Immobilières', or 'SCI', which are French non-trading legal structures constituted for the sole purpose of the ownership and management of property. These activities have always been profitable so far, and Fitch believes that the company's track record in the field will continue to support earnings generation.

Appendix A: Industry Profile and Operating Environment

This section discusses the French insurance sector, with a focus on health.

Regulatory Oversight

Fitch considers regulatory oversight in France to be very strong. The French insurance market is highly regulated, with well-developed regulatory practices and supervision processes. As a member of the European Union, France adopted Solvency 2, which came into force on 1 January 2016. The French insurance regulator is focused on ensuring that insurance organisations are viable and their conduct of business is appropriate. Fitch considers the regulator's enforcement to be effective.

Technical Sophistication of Insurance Market; Diversity & Breadth

The French insurance market is the second largest in Europe (EUR212 billion in premiums at end-2017) after the UK's. The market is highly sophisticated, underpinned by the use of strong and generally accepted actuarial practices for underwriting analysis, calculating claims reserves and products pricing. In addition, the adoption of Solvency 2 improved the level of enterprise risk management in the market.

The French insurance market is also well diversified. As the market is highly mature, premium growth is low, although it is higher in the life and health sub-segments than in Property and Casualty Insurance. Fitch expects the health sector to continue growing at a faster rate than the insurance market as a whole in 2019, thereby increasing its share of gross premiums written in France (15.5% at end 2017).

Competitive Profile

Fitch believes the French insurance market is very competitive, both in life and non-life. Nevertheless, the market is concentrated, dominated by a few well-established, primarily domestic, players benefiting from high barriers to entry. The rest of the market remains fragmented, driving consolidation, in particular within the mutual insurance sector, to gain operating scale.

In health, French mutual insurers, traditionally the market leaders in individual health, will continue to face growing competition from traditional insurers and bancassurers. This will bolster the consolidation trend among mutuals, as they seek to defend their market shares, broaden their business mix, and improve scale and efficiencies. Some large mutual conglomerates of mutuals, such as Groupe VYV itself, have already emerged.

Financial Markets Development

The French financial market is sophisticated and has considerable breadth and depth both in its insurance and non-insurance segments. The French stock and bond markets are among the largest globally, providing sufficient liquidity in most traded products. Companies' and financial institutions' access to capital markets is strong.

Country Risk

France's Long-Term IDR is currently 'AA' with a Stable Outlook. France's ratings are underpinned by a large, wealthy and diversified economy, strong and effective civil and social institutions and a strong record of macro-financial stability. France also benefits from strong financial flexibility, helped by the ultra-loose financing conditions prevailing in the eurozone, and access to deep and liquid capital markets as a core eurozone member. Nevertheless public finances, although gradually improving, remain a relative rating weakness.

Appendix B: Peer Analysis

Domestic Leader, Profitability Below Peers

Groupe VYV's competitors are large composite insurance groups that run large health & protection insurance operations in France. In health, the largest competitors are, in rank order, AXA France ('AA-'), Groupama Assurances Mutuelles ('A-'), Aesio, and AG2R La Mondiale. Groupe VYV is by far the leading player, being more than twice as large in terms of Health GWP as its main competitors. In protection, Groupe VYV ranks sixth in France, with AXA the leader.

Outside France, comparable companies, for which health insurance represents a significant part of the business are Bupa in the UK, Achmea in the Netherlands. Groupe VYV's capitalisation is consistent with its European peers but has lower leverage and lower profitability.

Peer Comparison Table – Groupe VYV

2017 (EURm)	IFS Rating/Outlook[a]	Total assets	Total equity	Gross written premium	Return on assets (%)	Return on equity (%)	Solvency 2 ratio[b] (%)	Financial leverage (%)[c]
Groupe VYV	A+/Stable	17,452	4,775	6,291	0.8	2	180	6
Bupa	A+/Stable	2,295	246	2,384	9	48	180	25
Groupama	A-/Positive	97,598	7,826	13,672	0.4	4	315 (*)	26
Achmea	A+/Stable	90,290	8,591	17,504	0.8	3	184	23

GBP/EUR: 1.126 (End-2017)
[a] IFS ratings of primary operating companies of each group
[b] Including transitional measures (*) if applicable
[c] Fitch's own calculation
Source: Fitch Ratings, Company's accounts

Appendix C: Other Ratings Considerations

Below is a summary of additional ratings considerations that are part of Fitch's ratings criteria.

Complete Ratings List

UMG Groupe VYV

Long-Term IDR at 'A'; Outlook Stable

Harmonie Mutuelle

Mututelle Generale de l'Education Nationale (MGEN)

Mutex SA

Mutuelle Generale De L'Economie, Des Finances et De l'Industrie (MGEFI)

Mutuelle Nationale Territoriale (MNT)

IFS rating at 'A+'; Outlook Stable

Group IFS Rating Approach

Fitch views Harmonie Mutuelle, MGEN, Mutex, MGEFI and MNT as 'Core' and rates them accordingly at the group IFS rating of 'A+'.

Notching

For notching purposes, the regulatory environment of France is assessed by Fitch as being Effective, and classified as following a Group Solvency approach.

Notching Summary

IFS Ratings

A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the implied operating company IDR.

UMG Group VYV IDR

Fitch has notched down the UMG Groupe VYV's IDR from the implied insurance operating companies by one notch in the French group solvency regulatory environment.

Source: Fitch Ratings

Hybrids – Equity/Debt Treatment

n.a.

Corporate Governance and Management

The newly established corporate governance and management are "effective" and neutral to the rating. An affiliate convention defines the status and relationships of the group members. Groupe VYV is in the process of rolling out a group-wide risk management framework, with risk management policies and guidelines being implemented in members' mutuals.

Transfer and Convertibility Risk (Country Ceiling)

None

Criteria Variations

None.

The ratings above w ere solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.