

FITCH AFFIRMS CHARTIS LIFE SOUTH AFRICA'S AND CHARTIS SOUTH AFRICA'S IFS AT 'AAA(ZAF)'

Fitch Ratings-London/Johannesburg-05 December 2011: Fitch Ratings has affirmed Chartis Life South Africa Limited's (Chartis Life SA) and Chartis South Africa Limited's (Chartis SA) National Insurer Financial Strength (IFS) ratings at 'AAA(zaf)'. The Outlooks are Stable.

The ratings are linked to the parent company's, Chartis Overseas, Limited's (Chartis Overseas) International IFS rating of 'A'. Chartis Life SA and Chartis SA's ratings reflect strong formal support agreements provided by Chartis Overseas, a wholly-owned property/casualty subsidiary of American International Group, Inc. (AIG, 'BBB'/Stable).

In view of the parental support, both companies' supported ratings receive a two notch uplift from their standalone ratings to equalise with Chartis Overseas' rating. From a standalone perspective Chartis Life SA's and Chartis SA's ratings benefit from the companies' robust capital positions, well-established business positions in their chosen market segments and conservative investment portfolios with high levels of liquidity. Chartis Life SA's statutory CAR cover ratio strengthened to 7.5x at end-2010 (end-2009: 6.3x), benefiting from higher available capital for regulatory purposes. Capital adequacy remains at a strong level and is well above the regulatory requirement of 1x cover. Chartis SA had a solvency margin of 50% at end-2010 (end-2009: 47%), which is well above the regulatory requirement of 25%.

Given that both companies' ratings reflect strong formal support agreements provided by Chartis Overseas, the key rating drivers that could result in a downgrade of Chartis Life SA and Chartis SA's ratings include the guarantor's, Chartis Overseas', ratings being downgraded. Furthermore, a sustained deterioration in both companies' business positions and/or a significant and sustained reduction in capitalisation based on Fitch's assessment or a sustained drop in Chartis Life SA's regulatory CAR cover ratio and/or Chartis SA's regulatory solvency margin could exert negative rating pressure.

In addition the withdrawal of the formal support agreements or a change in the nature of the support could lead to negative rating action.

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Additional information is available at www.fitchratings.com. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable criteria, 'Insurance Rating Methodology' dated 22 September 2011, is available at www.fitchratings.com.

Applicable Criteria and Related Research:

Insurance Rating Methodology

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=651018

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