

RATING ACTION COMMENTARY

Fitch Upgrades Kazakhstan's Standard Life to 'BB-'; Outlook Stable

Thu 25 Sep, 2025 - 09:03 ET

Fitch Ratings - London - 25 Sep 2025: Fitch Ratings has upgraded Kazakhstan-based Joint-Stock Company Life Insurance Company Standard Life's (Standard Life) Insurer Financial Strength (IFS) rating to 'BB-' from 'B+' and its National IFS Rating to 'BBB+(kaz)' from 'BBB(kaz)'. The Rating Outlooks are Stable.

The upgrades reflect the consolidation of Standard Life's capital position and improved investment and asset risk. The ratings also reflect the company's good financial performance and limited operating scale.

KEY RATING DRIVERS

Strong Capital Position: Standard Life's capital position is strong, with local non-risk-based Solvency I coverage ratio of 232% at end-2024 and 226% at end-August 2025, up from 184% at end-2023 and 163% at end-2022. Fitch's Prism Global model score was 'Extremely Strong' at end-2024. Capital position of the company is supported by good financial performance and moderate dividends. Following IFRS 17 adoption in 2023, our assessment also incorporates the contractual service margin (CSM).

Second-tier life insurer: Our assessment of Standard Life's company profile reflects its small but growing scale, adequate diversification and business risk.

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company offers non-accumulative and accumulative life products, pension and other annuities, and health and accident coverage.

Good Financial Performance: Fitch views the company's financial performance as good, with return on equity of 12% in 2024 and an average of 23% over 2022-2024. This performance is driven by investment income. High investment income component offsets negative underwriting results, which are pressured by high operating and administrative expense volatile losses resulted from high exposure to longtail obligatory workers' compensation business and limited use of reinsurance.

Financial performance has remained good in 2025. According to statutory reporting for the first seven months of 2025, the company generated premiums of KZT15,027 million, investment income of KZT5,320 million, and net profit of KZT2,451 million.

Improved Investment Risk: We view the company's asset risk as moderate and prudent by domestic market standards. Standard Life's portfolio is concentrated in fixed-income domestic corporate and sovereign bonds. Investment-grade assets accounted for 85% of investments at end-2024, up from 73% at end-2023. The company's risky-assets-to-capital ratio, as calculated by Fitch, improved to 40% at end-2024 from 91% at end-2021.

Sizable Asset-Liability Duration Mismatch: Standard Life, like other Kazakh life insurers, has a sizable asset-liability duration mismatch, with about 79% of statutory reserves maturing beyond 10 years. The tightly regulated pension annuity sector also heightens reinvestment risk, given limited local investment opportunities and high guaranteed interest rates.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

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--Substantial deterioration in capital position as a result of, for example, large underwriting losses.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

For the IFS Rating

--Material strengthening of the business profile through, for example, profitable growth, improved diversification and a lower business risk assessment.

For the National IFS Rating

--An upgrade of the international IFS Rating would likely lead to an upgrade of the National IFS Rating;

--Improved assessment of the company's business profile.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

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Joint Stock Company
- Life Insurance
Company - Standard
Life

LT IFS BB- Rating Outlook Stable

Upgrade

B+ Rating
Outlook
Positive

Natl LT IFS

BBB+(kaz) Rating Outlook Stable

Upgrade

BBB(kaz) Rating
Outlook
Positive

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APPLICABLE CRITERIA

[National Scale Rating Criteria \(pub. 22 Dec 2020\)](#)

[Insurance Rating Criteria \(pub. 05 Mar 2024\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.2 (1)

ADDITIONAL DISCLOSURES

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Joint Stock Company - Life Insurance Company - Standard Life

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