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Research Update:

Finnish Unemployment Insurance Fund Outlook Revised To Negative After Sovereign Action; Affirmed At 'AA+/A-1+'

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Table Of Contents

Overview
Rating Action
Rationale
Outlook
Related Criteria And Research
Ratings List

Research Update:

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Overview

- We revised our outlook on Finland to negative on Sept. 25, 2015.
- We equalize our rating on Finland's unemployment benefit agency, Työttömyysvakuutusrahasto, The Unemployment Insurance Fund (TVR), with the Finnish sovereign rating because we consider it almost certain that the Finnish government would provide extraordinary financial support to TVR if it were under any stress.
- We are therefore revising our outlook on TVR to negative from stable and affirming the 'AA+/A-1+' ratings.
- The negative outlook reflects that on Finland; any action on Finland would lead to a commensurate action on TVR.

Rating Action

On Oct. 6, 2015, Standard & Poor's Ratings Services revised its outlook on the Finnish unemployment benefit agency, Työttömyysvakuutusrahasto, The Unemployment Insurance Fund (TVR), to negative from stable.

At the same time, we affirmed our 'AA+/A-1+' long- and short-term issuer credit ratings on TVR.

Rationale

The outlook revision follows our similar action on Finland on Sept. 25, 2015 (see "Research Update: Outlook On Finland Revised To Negative; 'AA+/A-1+' Ratings Affirmed").

We consider TVR to be a government-related entity (GRE). We equalize our ratings on TVR with the ratings on its related government, the Republic of Finland (AA+/Negative/A-1+). The equalization reflects our expectation of an almost certain likelihood that the Finnish government would provide timely and sufficient extraordinary support to TVR in the event of financial distress. Furthermore, because we consider TVR to be a nonseverable arm of the government and we do not foresee a change in the likelihood of extraordinary government support, we do not assign a stand-alone credit profile (SACP) to TVR.

In accordance with our criteria for rating GREs, we base our assessment of an almost certain likelihood of government support on TVR's:

- Critical role for Finland as the sole entity responsible for defining and managing the Finnish compulsory earnings-related unemployment insurance scheme. Its two key functions are 1) to collect unemployment insurance premiums and 2) to use them,

mainly to finance unemployment benefits and fund pensions accrued during periods of unemployment. Furthermore, TVR manages the government's contributions to the unemployment funds.

- Integral link with the Finnish government, as indicated by the government's strong government supervision and control over TVR. It is an independent institution established by law and has the status of indirect public administration. This implies that if TVR did not exist, a government body would be needed to manage its duties.

Outlook

The negative outlook on TVR reflects that on Finland. We currently do not see any scenario that would realistically lead us to change our assessment of TVR's critical role for and integral link with Finland over the next two years. We therefore expect the ratings on TVR to move in line with those on Finland.

If we lowered our ratings on Finland, we would also lower our ratings on TVR and if we revised the outlook on Finland to stable, we would also revise the outlook on TRV to stable.

Related Criteria And Research

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers - May 07, 2013

Related Research

- Research Update: Outlook On Finland Revised To Negative; 'AA+/A-1+' Ratings Affirmed - September 25, 2015.

Ratings List

	Ratings	
	To	From
Tyottomyysvakuutusrahasto, The Unemployment Insurance Fund		
Sovereign credit rating		
Foreign and Local Currency	AA+/Negative/A-1+	AA+/Stable/A-1+
Senior Unsecured		
Local Currency	AA+	AA+

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-

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