



# PRESS RELEASE

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## **A.M. Best Upgrades Credit Ratings of Guaranty Income Life Insurance Company**

**OLDWICK, N.J., November 1, 2017**—A.M. Best has upgraded the financial strength rating (FSR) to B++ (Good) from B+ (Good) and has upgraded the Long-Term Issuer Credit Rating (Long-Term ICR) to “bbb+” from “bbb-” for **Guaranty Income Life Insurance Company** (Guaranty) (Baton Rouge, LA). The outlook of these Credit Ratings (ratings) is stable.

The rating upgrades reflect the strong operating improvements over the last several years, including premium growth in its key Annuicare product, improved risk-adjusted capitalization, significant distribution expansion and stable operating profile with favorable operating returns. The rating upgrades also acknowledge Guaranty’s new parent, **Kuvare Holdings LP**, and the explicit financial support it provides to Guaranty, along with Kuvare Holdings LP’s expertise and the potential for additional financial flexibility as Guaranty expands its business profile.

Offsetting rating factors include execution risk as Guaranty enters new annuity markets and the impact of new business strain on operating results. Additionally, Guaranty’s reserve book is heavily weighted in interest sensitive reserves with a concentrated product profile. In A.M. Best’s view, risk-adjusted capitalization is qualitatively diminished due to a high percentage of surplus notes and deferred tax assets. Finally, the investment portfolio, despite some improvement in diversification, has a high concentration of non-agency residential mortgage-backed securities that A.M. Best deems as higher risk relative to traditional prime agency-backed securities.

Positive rating action could occur if Guaranty were to see a trend of profitable premium growth leading to an organic increase in risk-adjusted capital. Negative rating action could occur if the quality of Guaranty’s capital were to deteriorate or if operating performance underperforms and leads to excessive underwriting losses on core product lines. A negative rating action also could occur if there was a material decline in risk-adjusted capital.

**This press release relates to Credit Ratings that have been published on A.M. Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office**



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