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A.M. Best Upgrades Credit Ratings of Atlantic Coast Life Insurance Company; Affirms Credit Ratings of Sentinel Security Life Insurance Company

OLDWICK, N.J., Oct 3, 2017—A.M. Best has upgraded the Financial Strength Rating (FSR) to B++ (Good) from B+ (Good) and the Long-Term Issuer Credit Rating (Long-Term ICR) to “bbb” from “bbb-“ of **Atlantic Coast Life Insurance Company** (ACLI) (Charleston, SC). Additionally, A.M. Best has affirmed the FSR of B++ (Good) and the Long-Term ICR of “bbb” of **Sentinel Security Life Insurance Company** (Sentinel) (Salt Lake City, UT). The outlook of these Credit Ratings (ratings) is stable. Both companies are collectively referred to as **A-CAP Group** (A-CAP). A-CAP’s ultimate parent is **Advantage Capital Holdings, LLC** (ACH), which is domiciled in Delaware.

The rating upgrades of ACLI recognize the improved balance sheet and operating profile trends over the past several years, as well as the enhanced financial flexibility, operating synergies and management expertise derived as part of its affiliation with the A-CAP group. The rating affirmations of Sentinel reflect its continued balance sheet and earnings stability, and new premium growth in the annuity product segments under the new ownership of A-CAP. A-CAP markets final expense whole life, Medicare supplement, Medicare select and preneed insurance plans, along with fixed annuities, through well-established non-captive general and associate general agent distribution networks, as well as through a growing broker channel. The ratings recognize improved capitalization, significant distribution expansion and premium growth in core business lines, as well as additional capital support in the near term from ACH to support anticipated strong business growth.

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These strengths are partially offset by heavy reliance on reinsurance, which is secured by collateral, to relieve statutory strain within A-CAP. Furthermore, A-CAP has purchased reinsurance from some unrated reinsurance entities that create a contingent reinsurance counterparty risk at A-CAP if there is a failure of the reinsurer that is not covered by collateral held. Additionally, although Sentinel has reduced its reliance on structured products, such as collateralized loan obligations, this type of investment may have liquidity pressure during stressed economic scenarios, and accordingly, remains a potential rating concern. The fixed income portfolio is primarily investment-grade securities and is performing well, with some exposure to below investment grade securities.

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 responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best’s Credit Ratings](#). For information on the proper media use of Best’s Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best’s Credit Ratings and A.M. Best Rating Action Press Releases](#).

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