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AM Best Upgrades Issuer Credit Ratings of Members of A-CAP Group

OLDWICK, N.J., August 9, 2022—AM Best has upgraded the Long-Term Issuer Credit Ratings (Long-Term ICR) to “bbb+” (Good) from “bbb” (Good) and affirmed the Financial Strength Rating of B++ (Good) of Atlantic Coast Life Insurance Company (Charleston, SC) and Sentinel Security Life Insurance Company (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).

The ratings reflect A-CAP’s balance sheet strength, which AM Best assesses as adequate, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management (ERM).

The upgrade of the Long-Term ICRs reflects AM Best’s change in assessment of the holding company assessment of the rating unit to neutral from negative. This follows a recent capital raise at the holding company of \$100 million. A portion of the raise was downstreamed in the operating companies.

A-CAP Group’s balance sheet strength is underpinned by its adequate risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR), which is expected to improve as a result of the capital infusion. AM Best notes that the company’s reinsurance agreements, especially on its fixed annuity businesses, mitigate asset, insurance and interest rate risk charges; however, the company bears the business risk charges on its direct business. While surplus notes represent a high proportion of capital relative to peers, capital has been increasing faster than surplus notes, improving the quality of capital.

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AM Best assesses A-CAP Group's operating performance as adequate. The group has demonstrated improvement in net operating earnings recently. AM Best assesses A-CAP Group's business profile as neutral. The vast majority of the company's operations are fixed deferred annuities. AM Best assesses A-CAP Group's ERM as appropriate.

This press release relates to Credit Ratings that have been published on AM 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 AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).

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