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Press Release - OCTOBER 28, 2015

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## A.M. Best Affirms Ratings of Guaranty Income Life Insurance Company

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AMB#	Company Name
051653	<a href="#">Guaranty Corporation</a>
006504	<a href="#">Guaranty Income Life Insurance Company</a>

### FOR IMMEDIATE RELEASE

OLDWICK - OCTOBER 28, 2015

**A.M. Best** has affirmed the financial strength rating of B+ (Good) and the issuer credit rating of "bbb-" of **Guaranty Income Life Insurance Company** (GILICO) (Baton Rouge, Louisiana). The outlook for both ratings is stable.

The affirmation of the ratings acknowledges the recent announcement that GILICO will be acquired by Kuvare US Holdings, Inc. (Kuvare US Holdings) of Chicago, IL, whose ultimate parent is Kuvare Holdings, LP. Kuvare US Holdings is a newly formed entity whose business strategy will be focused on acquiring U.S. life and annuity insurance companies. The transaction is currently pending regulatory approval and is expected to close in 2016.

A.M. Best anticipates that GILICO will maintain an adequate risk-adjusted capitalization level and that financial leverage will be reduced due to the separation of GILICO from its current ultimate parent, **Guaranty Corporation**. Additionally, the ratings recognize favorable earnings trends and the potential for additional premium growth and further diversification of its existing product line.

These strengths are partially offset by GILICO's current modest business profile with geographic and product line concentration. A.M. Best notes that there is execution risk related to the transaction and the ultimate realization of the new parent's business strategy. Additionally, A.M. Best anticipates an increase in investment risk coupled with a reduction in liquidity as the group reallocates the portfolio to less liquid asset classes. Finally, the ratings reflect modest and somewhat volatile, albeit positively trending operating results, high interest rate sensitivity embedded in GILICO's reserve profile and the potential need for additional capital to support planned business growth. Going forward, A.M. Best will continue to monitor the transaction status along with any material change in terms, execution of its business strategy, risk-adjusted capitalization levels and/or investment strategy.

**This press release relates to rating(s) 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 visit A.M. Best's [Ratings & Criteria Center](#).**

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