



PRESS RELEASE

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AM Best Affirms Credit Ratings of Wilton Re Ltd. and Its Subsidiaries

OLDWICK, N.J., August 31, 2023—AM Best has affirmed the Financial Strength Rating (FSR) of A+ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of “aa-” (Superior) of the life/health subsidiaries of Wilton Re Ltd. (Nova Scotia, Canada), collectively known as Wilton Re. AM Best also has affirmed the Long-Term ICRs of “a-” (Excellent) of Wilton Re Ltd. (Nova Scotia, Canada) and Wilton Re Finance LLC (Wilton Re Finance) (Delaware). Concurrently, AM Best has affirmed the Long-Term Issue Credit Rating (Long-Term IR) of “a-” (Excellent) on the \$300 million, 5.875% senior unsecured notes, due 2033, of Wilton Re Finance LLC. The notes are unconditionally guaranteed by the parent company, Wilton Re Ltd. The outlook of these Credit Ratings (ratings) is stable. In addition, AM Best maintains the under review with negative implications status for the FSR of A (Excellent) and the Long-Term ICR of “a+” (Excellent) of ivari (Toronto, Ontario, Canada) (See below for a detailed listing of these companies and ratings).

The ratings reflect Wilton Re’s balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, favorable business profile and appropriate enterprise risk management (ERM).

Wilton Re has exhibited very strong risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR), over the medium term as it has navigated through a few large reinsurance transactions in prior periods and currently added a block of secondary guaranteed universal life from Transamerica Life Insurance Company, which closed on Aug. 30, 2023. Its capital and surplus also is affected by its ongoing transaction to sell

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its Canada business, ivari. Given the pending sale, ivari is rated on a standalone basis with nominal impact to the company's risk-adjusted capital. There are other attributes contributing to the assessment, which include a solid liquidity and financial flexibility position through its membership of the Federal Home Loan Bank and access to capital through its ultimate parent, Canada Pension Plan Investment Board. The company does have some elements of a duration mismatch in certain U.S. subsidiaries; however, there are mitigation plans to close this gap.

Operating earnings on a GAAP basis are favorable over the medium term, where its unfavorable mortality has been offset by favorable longevity, morbidity and life settlements. New treaties impact the reporting on a statutory basis, where premiums have improved dramatically through large transactions such as its agreement whereby The Allstate Corporation sold Allstate Life Insurance Company of NY to Wilton Re. The statutory net gains in 2022 were \$594.3 million for the group, where the results in 2021 were reported as a loss of \$652.4 million. These swings are recognized by AM Best as transactional and each deal brings a different set of risks. AM Best also acknowledges that Wilton Re has a mature ERM program in which it leans upon to determine how well its deal structures fit with the organization's risk tolerances. From a business perspective Wilton Re is an active participant in the reinsurance market actively bidding on opportunities in life, annuity and structured settlements. Each of these opportunities is presented to various stakeholders to assess the material risks that may impact the organization negatively. Therefore, the company has been selective in choosing profitable reinsurance agreements.

The ratings of ivari reflect its balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, favorable business profile and appropriate ERM. The capital contributions required for IFRS 17 have been recognized in its strongest BCAR score for 2022 and reflects the company's strong balance sheet assessment.

The FSR of A+ (Superior) and the Long-Term ICRs of "aa-" (Superior) have been affirmed with stable

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outlooks for the following life/health subsidiaries of Wilton Re Ltd.:

- Wilton Reinsurance Bermuda Limited
- Wilton Reinsurance Company
- Texas Life Insurance Company
- Wilton Reinsurance Life Company of New York
- Wilcac Life Insurance Company
- Wilton Re Overseas Limited

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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