

RATING ACTION COMMENTARY

Fitch Affirms Wilton Re's Ratings; Outlook Stable

Wed 02 Jul, 2025 - 3:16 PM ET

Fitch Ratings - New York - 02 Jul 2025: Fitch Ratings has affirmed Wilton Re Ltd.'s Long-Term Issuer Default Rating (IDR) at 'BBB'. Fitch has also affirmed the Insurer Financial Strength (IFS) ratings of its U.S. and Bermuda operating companies (collectively, Wilton Re) at 'A-'. The Rating Outlook is Stable.

KEY RATING DRIVERS

Capital Targets Lower than Peers: Wilton Re has an efficient capital management strategy, with capital targets below those of similarly rated peers. The company's Prism score was at the high end of 'Adequate', or 97% of 'Strong' at YE 2024, which is in-line with the prior year and rating expectations. The company's U.S. RBC ratio declined YoY to 302% as of YE 2024 from 323% as of YE 2023 and 391% as of YE 2022, but remains modestly above the company's target.

Wilton Reinsurance Bermuda Limited, Wilton Re's Bermuda subsidiary, reported a Bermuda solvency capital requirement (BSCR) ratio materially exceeding its targets at YE 2024. WREB continues to remit capital to the parent.

Financial leverage was 12% at YE 2024, down from 24% at YE 2023 and 19% at YE 2022. The YoY decline was due to the company paying down debt in 2024. As of 1Q25, financial leverage increased to 24% because the company redrew from its credit facilities after paying down debt in 2024 and GAAP adjusted shareholder's equity fell to \$1.0 billion from \$1.5 billion at YE 2024. The 1Q25 shareholder's equity decrease was mainly due to the company distributing \$500 million of shareholder distributions to the parent.

platform for CPP. Fitch does not rate CPP but believes it to be of the highest credit quality based on its scale and importance in supporting the Canada Pension Plan. CPP has demonstrated a willingness to support Wilton Re. In recent years, capital has flowed upstream given the company's excess capital position relative to its targets.

Moderate Business Profile: Fitch considers Wilton Re's position in the market acquiring runoff blocks as strong. However, the market is episodic and increasingly competitive. Favorably, the company has a diversified profile across mortality, longevity, and morbidity risks. Recent transactions have not materially changed the company's risk profile, and Fitch views the company as disciplined in its key pricing assumptions. In December 2024, Wilton Re completed a reinsurance transaction with Prudential Financial, Inc., assuming \$11 billion of universal life with secondary guarantee reserves. Fitch views this transaction as neutral, with the risk of the block partially offset by enhanced scale and diversification. The company also re-underwrites key assumptions of the block, mitigating potential adverse policyholder experience.

Strong Earnings: Return metrics improved compared with the prior year, with a ROE of 39% in 2024, up from 27% as of YE 2023. Earnings in 2024 benefited from improved core investment income and favorable morbidity and reserves and premium experience, marginally offset by unfavorable mortality. Core investment income improvement was driven by higher asset balances from completed reinsurance transactions and higher earned rates as rates remained elevated throughout 2024. Unfavorable claims experience was driven by higher frequency and severity in 2024.

Elevated Investment Risk: Wilton Re's risky assets, as a percentage of capital, exceeds those of similarly rated peers, reflecting the company's continued strategic asset allocation program that includes further increases in its private equity exposure. Including capital in Bermuda, the company's risky asset ratio is estimated at 142% at YE 2024, up from 132% in 2023, primarily due to increased allocations to private equity and lower capital. The increase in private equity holdings was marginally offset by improved bond quality, as below-investment-grade bonds decreased to \$1.7 billion at YE 2024 from \$2.1 billion at YE 2023.

RATING SENSITIVITIES

We use cookies to deliver our online services, to understand how they are used and for advertising purposes. Details of the cookies we use and instructions on how to disable them are set out in our Privacy Policy.

--Less parental uplift assigned from the standalone credit quality, which could be driven by a reduction in CPP Investments' ownership stake or by the removal of the change of control provisions in Wilton Re's debt agreements;

--Material transactions that alter the company's risk profile or a failure to demonstrate sustainable growth via reinsurance transactions;

--An increase in financial leverage to above 32%;

--A sustained decline in earnings, resulting in a ROE below 7%;

--Deterioration in asset performance, as evidenced by increased impairments or increased price volatility, leading to realized losses in a stressed market environment.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--A Prism score maintained in the 'Strong' category, along with an RBC ratio maintained above 325%;

--A change in Fitch's view of Wilton Re's strategic importance to CPP Investments;

--An ROE sustained above 9%;

--Financial leverage maintained below 28%;

--A reduction in investment risk, including a risky asset ratio below 115%.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit

information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Wilton Re Ltd.	LT IDR	BBB	Affirmed	BBB
subordinated	LT	BB	Affirmed	BB
Wilcac Life Insurance Company	LT IFS	A-	Affirmed	A-
Wilton Reassurance Company	LT IFS	A-	Affirmed	A-
Wilton Reinsurance Bermuda	LT IFS	A-	Affirmed	A-
Wilton Reassurance Life Company of New York	LT IFS	A-	Affirmed	A-
Texas Life Insurance Company	LT IFS	A-	Affirmed	A-

PREVIOUS

NEXT

VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

We use cookies to deliver our online services, to understand how they are used and for advertising purposes. Details of the cookies we use and instructions on how to disable them are set out in our Privacy Policy.

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer’s available public disclosure.

APPLICABLE CRITERIA

[Insurance Rating Criteria \(pub. 04 Mar 2024\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism U.S. Life Insurance Capital Model, v1.3.5-2024 ([1](#))

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

Texas Life Insurance Company	EU Endorsed, UK Endorsed
Wilcac Life Insurance Company	EU Endorsed, UK Endorsed
Wilton Re Ltd.	EU Endorsed, UK Endorsed
Wilton Reassurance Company	EU Endorsed, UK Endorsed
Wilton Reassurance Life Company of New York	EU Endorsed, UK Endorsed
Wilton Reinsurance Bermuda	EU Endorsed, UK Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

Fitch's solicitation status policy can be found at www.fitchratings.com/ethics.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.



We use cookies to deliver our online services, to understand how they are used and for advertising purposes. Details of the cookies we use and instructions on how to disable them are set out in our Privacy Policy.