

American National Group, LLC

Key Rating Drivers

Moderate Company Profile: Fitch Ratings ranks American National Group, LLC's company profile as being moderate and in line with the broader life and property/casualty (P/C) industries. Fitch's view of American National's company profile is driven by a moderate business profile and moderate/favorable corporate governance.

Asset Portfolio Risk In-line With Peers: Following the acquisition by Brookfield Reinsurance Ltd. (BNRE), American National's investment and asset risk moved in line with peers in the life and annuity market as the company increased exposures to schedule BA assets and below-investment-grade bonds, while retaining a material exposure to real estate and commercial mortgage loans. American National's portfolio continues to perform well, but could experience volatility in stressed economic conditions.

Very Strong Capitalization: American National's life and annuity capitalization is very strong with the company's life operations scoring in the 'Very Strong' category of Fitch's Prism capital model based on YE 2022 data. Fitch's expectation is that the life operations will remain at or above the 'Very Strong' category. American National's P/C capitalization is very strong with net premiums written (NPW) to surplus of 1.1x and an RBC ratio of 432% at YE 2022. The company scored 'Extremely Strong' on Fitch's Prism capital model at both YE 2021 and YE 2020.

Leverage Increased in 2022: Following the close of the acquisition by BNRE, financial leverage increased to 27%, which is in line with similarly rated peers and Fitch's expectations for American's National's rating level. Outstanding debt consists of \$1 billion of outstanding term loans that mature in 2027, and \$500 million of senior unsecured notes issued in June 2022 that mature in 2032.

Strong Financial Results: Fitch views American National's financial performance as strong, with generally stable results across the group's operating segments. American National's P/C business produces strong underwriting results, although they continue to be affected by weather-related losses; increased personal auto claim frequency and inflationary pressures. The life and annuity lines reported strong earnings following extremely strong fixed annuity sales in 2022, improving investment spreads and improved mortality.

Modest Catastrophe Risk: Fitch views American National's exposure to modeled losses from catastrophes as generally comparable with similar peer companies. On a net basis, the annual aggregate catastrophe exposure is manageable relative to P/C operating company surplus and consolidated shareholders' equity. Additionally, American National purchases catastrophe coverage for protection from large catastrophe events, including hurricanes (no personal lines exposure in Florida), tornadoes, wind and hail, earthquakes, winter storms and wildfires.

Ratings

American National Group, LLC

Long-Term IDR	BBB+
Senior Unsecured Long-Term Rating	BBB

American National Insurance Company

American National Life Insurance Company of New York

Insurer Financial Strength	A
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Outlook

Long-Term IDR	Stable
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Financial Data

American National Group, LLC		
(\$ Mil.)	2021	2022
Net Income	699	396
Shareholders' Equity	7,002	3,422
Total Debt	0	1,500
Operating ROAE (%)	3.7	8.2
Fixed-Charge Coverage (x)	N.A.	16

N.A. - Not applicable. Note: GAAP.

Source: Fitch Ratings; American National Group, Inc. SEC filings

Applicable Criteria

[Insurance Rating Criteria \(July 2022\)](#)

Related Research

[North American Life Insurance Outlook 2023 \(December 2022\)](#)

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Rating Sensitivities

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

- An improvement in Fitch's view of American National's company profile, including continued profitable growth and additional geographic diversification;
- Very strong investment and asset risk as measured by a risky asset ratio below 80%;
- Financial leverage below 20%;
- GAAP ROE sustained in excess of 10%.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A deterioration in investment and asset risk such that the consolidated risky asset ratio rises above 115%, or losses in the portfolio that cause capital, as measured under the life Prism model, to fall below 'Very Strong';
- Financial leverage in excess of 25%;
- Increased catastrophe exposure;
- GAAP ROE sustained below 6%.

Latest Developments

Fitch's view of debt service coverage and financial flexibility improved over 2022, reflecting improved financial flexibility as the company issued \$500 million of senior unsecured notes and the company's very strong coverage metrics.

Fitch's view of investment and asset risk deteriorated modestly, reflecting the company's exposure to asset classes, which Fitch views as potentially leading to increased volatility in a stressed economic environment.

Key Rating Drivers – Scoring Summary



Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				A
Non-Insurance Attributes	Positive	Neutral	Negative	+0
Ownership / Group Support	Positive	Neutral	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	No	AAA	+0
Insurer Financial Strength Rating				Final: A
IFS Recovery Assumption	Good			-1
Issuer Default Rating (IDR)				Final: n.a.

Bar Chart Legend:

Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colors = Relative Importance		↑	Positive
■ Higher Importance		↓	Negative
■ Average Importance		↕	Evolving
■ Lower Importance		□	Stable

Company Profile

Moderate Business Profile

Fitch views American National's competitive positioning as moderate, driven by a substantive business franchise with some competitive advantages and a moderate operating scale across the life and P/C segments. American National's market position is bolstered by its relative advantages in the agricultural and rural markets and also benefits from the ability of agents to cross-sell life products.

American National's P/C operating scale is ranked as moderate, with statutory NPW of \$1.8 billion and policyholders' surplus of \$1.6 billion for 2022. This level corresponds with Fitch's 'a-' category Insurer Financial Strength (IFS) non-life insurance credit factor score. American National's life operating scale is driven by total assets of \$25 billion and total adjust capital in excess of \$4.9 billion, both of which align with the 'a' category.

Fitch views American National's business risk profile as moderate, with the overall risk profile of the group on par with the life and P/C sectors and broadly in line with multiline peers. The company avoids the least stable business lines across the life, health and P/C business but still retains exposure to catastrophe and interest rate risk.

Fitch views the company's diversification as favorable, reflecting the company's diversification across product lines, offset somewhat by geographic concentration in key product lines. American National's P/C segment writes personal lines auto and homeowners business for individuals; commercial lines primarily for agricultural-related operations and small to midsize businesses; and specialty markets insurance products for renters, mortgage security, aviation, private flood and credit insurance.

Personal and commercial lines are sold through over 1,200 multiple-line captive agents, with a significant presence in rural markets, while specialty markets products are distributed through over 30 managing general agents and underwriters. The company's life and annuity products consist of term, whole and universal life and are sold across multiple distribution channels while the company's health business consists primarily of supplemental and worksite products.

Moderate/Favorable Corporate Governance

Corporate governance is ranked as moderate/favorable and as such Fitch does not make any adjustments to the business profile score when scoring company profile. American National does not appear to have any issues related to board effectiveness, board independence, management compensation or related-party transactions and maintains board committees in line with industry best practices and peers. The company files financial statements consistent with local accounting regulations in a timely fashion, and there are no known criminal or civil proceedings that would affect Fitch's view of corporate governance.

Company Profile Scoring Summary

	Assessment	Subscore/Impact
Business Profile Assessment	Moderate	a
Corporate Governance Assessment	Moderate/Favorable	0 notches
Company Profile Factor Score	Moderate	a

Source: Fitch Ratings

Ownership

Neutral to Rating

American National represents BNRE's primary U.S. operating platform. Bermuda-based BNRE was spun off by Brookfield Corporation (Long-Term Issuer Default Rating: A-/Stable) in June 2021. Through its operating subsidiaries, BNRE offers a broad range of insurance products and services, including life insurance and annuities, and personal and commercial P/C insurance.

Capitalization and Leverage

Capitalization Remains Very Strong

Fitch view's American National's capitalization as very strong, driven by the company's life and non-life Prism results and reported risk- and nonrisk-adjusted capital metrics. Financial leverage historically was minimal, but has since moved in line with peers following the acquisition by BNRE.

American National's P/C capitalization is very strong with NPW to surplus of 1.1x and an RBC ratio of 432% at YE 2022. The score on Fitch's Prism capital model is 'Extremely Strong' at both YE 2021 and YE 2020. Factors that add to target capital include catastrophe risks and underwriting, followed by investment exposures. The Prism score could decline to 'Very Strong' at YE 2022 due to a decline in available capital from unrealized losses on bond holdings.

American National's life and annuity capitalization is considered very strong with the company's life operations scoring in the 'Very Strong' category of Fitch's Prism capital model based YE 2022 data. Fitch's expectation is that the life operations will remain at or near the 'Very Strong' category going forward, and that capital charges associated with investments may increase modestly as the portfolio is repositioned.

As of YE 2022, the company's financial leverage ratio was 27%, and consists of \$1 billion of outstanding term loans that mature in 2027, and \$500 million of senior unsecured notes issued in June of 2022 that mature in 2032. Leverage is expected to be in line with similarly rated peers going forward.

Financial Highlights

(\$ Mil.)	2021	2022
P/C Statutory Surplus	1,570	1,622
P/C NPW/Surplus (x)	1.0	1.1
Non-P/C Total Adjusted Capital	5,535	4,868
Non-P/C NAIC RBC Ratio (%)	421	440
Shareholders' Equity	7,002	3,422
Financial Leverage Ratio (%)	0	27

P/C - Property/casualty. NPW - Net premiums written.
 Note: Statutory accounting principles, except shareholders' equity and financial leverage ratio, which are GAAP.
 Source: Fitch Ratings; American National Group, LLC SEC filings

Fitch's Expectations

- P/C NPW to surplus is expected to remain near 1.0x.
- P/C and life Prism scores are expected to remain at 'Very Strong'.
- Financial leverage is expected to remain in line with peers rated 'a'.

2021 Prism Score – American National Property/Casualty



(\$ Mil.)	2020	2021
Prism Score	Extremely Strong	Extremely Strong
AC/TC at Prism Score (%)	119	106
AC/TC at Higher Prism Score (%)	N.A.	N.A.

Statutory Surplus	1,463	1,570
Affiliated Investments	0	0
Unrealized Bond Gains and Losses	199	107
Other Adjustments	174	149
Available Capital (AC Base)	1,836	1,826

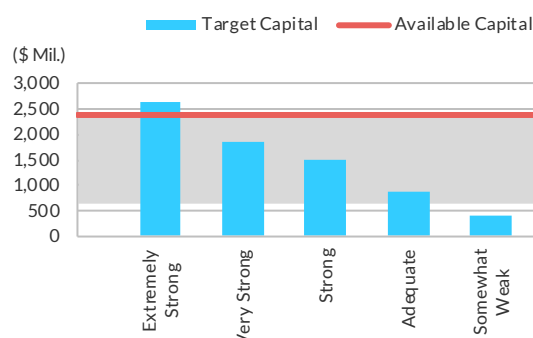
Target Capital Contributors (%)

Underwriting	26	32
Reserves	15	11
Investments	9	13
Catastrophe	28	28
Other	23	16

AC - Available capital. TC - Target capital. N.A. - Not applicable. Note: Red line is AC base; shaded area represents the high and low of AC due primarily to unrealized bond gains and losses.

Source: Fitch Ratings, S&P Global Market Intelligence

2022 Prism Score – American National



	2022
Prism Score	Very Strong
AC/TC at Prism Score	129
Target Capital Contributors	
Life Insurance	32
Annuity	69
Accident and Health	1
Portfolio Scaling Adjustment	5
Operational Risk	9
Diversification Benefit	-15

AC - Available capital. TC - Target capital. Note: Shaded area represents the high and low of AC due primarily to unrealized gain and loss on fixed-income securities and surplus notes.

Source: Fitch Ratings

Debt Service Capabilities and Financial Flexibility

Coverage Strong as Leverage Increases

American National is a holding company and, as a result, it is dependent on dividends from its operating company subsidiaries for cash to service its debt and to pay shareholder dividends. American National Insurance Company (ANICO) is the company's largest subsidiary and serves as the primary source of dividends. ANICO is permitted to pay total dividends of \$792.4 million during 2022 without prior approval of the Texas Department of Insurance.

American National's GAAP-based coverage metrics are considered very strong, and at YE 2022, the company reported GAAP-based fixed-charge coverage of 16x. Fitch expects that coverage will remain very strong on a GAAP basis as well as relative to statutory dividend capacity.

Fitch views the company's financial flexibility as adequate, reflecting the company's access to public markets and modest contingency funding. Since 2018, American National has been a member of the Federal Home Loan Bank (FHLB) of Dallas to enhance its liquidity, with \$826.6 million of borrowing capacity reported at YE 2022. Fitch's view of American National's financial flexibility was enhanced modestly in 2022 as the company demonstrated access to the capital markets through its senior unsecured note issuance.

Financial Highlights

(\$ Mil.)	2021	2022
Interest Expense	0	34
Operating EBIT/ Interest Expense (x)	N.A.	16
Statutory Interest Coverage (x)	N.A.	23
Cash Flow from Operations	351	-12

N.A. - Not applicable. Note: Statutory interest coverage consists of maximum statutory dividend divided by interest expense. U.S. GAAP, unless otherwise noted.

Source: Fitch Ratings; American National Group, LLC SEC filings

Financial Performance and Earnings

Strong Financial Results

Fitch views American National's financial performance as strong with performance across the groups operating segments benefiting from strong top-line sales, favorable macroeconomic conditions, offset by weather-related losses affected by one-time acquisition-related expenses.

American National's P/C business produces strong underwriting results, although they continue to be affected by weather-related losses, increased personal auto claim frequency and inflationary pressures that increased loss costs. The 2022 combined ratio of 101.2% compares with 97.1% in 2021 and a five-year average (2018-2022) of 98.6%. The underwriting loss in 2022 reflects higher catastrophe losses as well as increased average claims costs in personal lines.

The company is in the process of taking remediation actions in several states and implementing rate increases to return the combined ratio to profitability.

American National reported strong operating earnings following extremely strong fixed annuity sales in 2022, improving investment spreads and mortality beginning to return to pre-pandemic levels. Additionally, American National's health business, although relatively modest in size, experienced improvement in operating performance following a decline associated with pandemic-related pressures in 2021.

Financial Highlights

(\$ Mil.)	2021	2022
Premiums and Other Policy Revenues	2,661	2,817
Pretax Operating Income	281	555
Net Income	699	396
Operating ROE (%)	3.7	8.2
Investment Yield (%)	3.7	4.6

Note: U.S. GAAP

Source: Fitch Ratings; American National Group, LLC SEC filings

Fitch's Expectations

- American National's financial performance will remain strong, and may improve modestly going forward.
- P/C underwriting results will continue to be affected by periodic catastrophes.

Investment and Asset Risk

Portfolio Risk Moves in Line with Peers

Following the acquisition by BNRE, American National's investment and asset risk moved in-line with peers in the life and annuity market as the company increased exposures to schedule BA assets and below-investment-grade bonds, while retaining a material exposure to real estate and commercial mortgage loans.

Relative to peers, American National's portfolio historically was less exposed to below-investment-grade bonds and alternative assets carried on schedule BA. However, the company increased exposure to those asset classes as it has repositioned assets post-acquisition. Fitch views the company's real estate and commercial mortgage loans as being a potential source of volatility in the current market, but notes that the company has a long history of performance in real estate asset classes.

The company's investment portfolio continues to perform well against the current backdrop of economic volatility, and the company reported only minimal impairments. Fitch does not expect meaningful impairments in American National's portfolio outside of a severely stressed environment, and the portfolio continues to benefit from both American National's and BNRE's experience.

Financial Highlights

(\$ Mil.)	2021	2022
Cash and Invested Assets	25,554	25,459
Below-Investment-Grade Bonds/TAC	8	36
Risky Asset Ratio (%) ^a	109	147
NAIC 2 Bonds/Total Bonds (%)	48	40.1

^aRisky assets ratio consists of below-investment-grade bonds, equities and other assets divided by statutory capital.

TAC – Total adjusted capital. Note: U.S. Statutory.

Source: Fitch Ratings; American National Group, LLC SEC filings

Fitch's Expectations

- The company's asset mix is expected to transition towards assets that better match its liability profile.
- American National's exposure to assets that Fitch views as riskier is expected to increase but remain below that of life and annuity peers.

Asset/Liability and Liquidity Management

Strong Asset/Liability Management (ALM)

Fitch views the company's ALM and liquidity management as strong, and Fitch notes that asset/liability duration matching improved following the close of the acquisition. Fitch views the company's exposure to changes in interest rates as moderate, and the company is well positioned to manage a rise in rates.

The company performs well under the "New York 7" cash flow testing scenarios, with American National reporting positive present value of ending book value surplus under all seven interest rate scenarios for its life and annuity products.

Fitch views the company's liquidity management as strong, reflecting American National's membership in FHLB Dallas and its previously outstanding bank line of credit. While the company terminated the line of credit in 2021, Fitch views the company as having sufficient access to contingent capital and liquidity resources.

Financial Highlights

	2021	2022
Risk Weighted Liquidity Ratio (%)	123	206
Cash Flow Coverage (x)	1.8	1.5
Adjusted Liabilities and Separate Accounts (\$ Mil.)	21,941	23,498

Note: Includes life, retirement and supplemental segments. Statutory accounting principles.

Source: Fitch Ratings, S&P Global Market Intelligence

Reserve Adequacy

Conservative Reserving with Strong Position

Fitch believes that American National has strong reserve adequacy with a moderate influence on the IFS rating. American National has minimal reserve volatility due to the shorter-tail nature of its P/C product lines, which exposes the company to less reserve risk than longer-tail P/C insurers. Fitch views American National's reserving practices as conservative, with relatively low net reserve leverage. Favorably, the company books its reserves above its external actuary's point estimate.

American National consistently reported favorable development on prior-year statutory loss reserves, including \$233 million over the past five calendar years (2018–2022), or 3.1% of net premiums earned and averaging 3.4% of surplus. These reserve releases reflect lower rates of claim severity emergence than expected in the workers' compensation, automobile, business owner and commercial package policy lines of business, and lower liability claim settlement costs emerging from agribusiness and private passenger auto business.

On a GAAP basis, reserve development was a favorable \$52.3 million in 2022, driven by lower than anticipated settlement of losses arising from commercial auto, agribusiness, commercial business owner, managing general underwriting, credit health, worksite health, personal auto and guaranteed asset protection waiver lines of business.

Financial Highlights

(\$ Mil.)	2021	2022
Loss and LAE Reserves	1,098	1,198
PY Reserve Development	-76	-42
Net Reserve Leverage (x)	0.7	0.7
PY Reserve Dev./ BOY Reserves (%)	-7.3	-3.8
PY Reserve Dev./BOY PHS (%)	-5.2	-2.7

LAE - Loss adjustment expense. PY - Prior year. BOY - Beginning of year. Dev. - Development. PHS - Policyholders' surplus.

Note: Statutory accounting principles.

Source: Fitch Ratings, S&P Global Market Intelligence

Fitch's Expectations

- Prior-year reserve development should remain favorable.
- Net reserve leverage should remain below 1.0x.

Reinsurance, Risk Mitigation and Catastrophe Risk

Reasonable Reinsurance Protection Limits Large Losses

Fitch views American National's reinsurance, risk mitigation and catastrophe risk profile as very strong and of lower influence to the IFS rating, with reasonable use of reinsurance and manageable catastrophe risk. American National uses reinsurance to manage its net retention on individual risks, including to reduce risks associated with its credit-related specialty market products. The company's retention ratio averaged 84% for 2018–2022.

American National purchases catastrophe coverage for protection from large catastrophe events, including hurricanes (no personal lines in Florida), tornadoes, wind and hail, earthquakes, winter storms and wildfires, and to limit its overall exposure in the event of an active catastrophe year. For 2022, the company's catastrophe excess of

loss reinsurance contract provided coverage for catastrophe losses above a retention of \$50 million, up to \$500 million per occurrence.

Fitch views American National's exposure to modeled losses from catastrophes as generally comparable with similar peer companies. On a net basis, the annual aggregate catastrophe exposure is manageable relative to P/C operating company surplus and consolidated shareholders' equity.

On a GAAP basis, the company's health and P/C reinsurance recoverables on unpaid claims totaled \$305 million, which is 9% of total company GAAP shareholders' equity. The quality of American National's reinsurers is very strong, with the majority of reinsurers rated in the 'A' or 'AA' range. Lloyd's of London is the largest participant on both its noncatastrophe and catastrophe programs.

Financial Highlights

(%)	2021	2022
Retention Ratio – Total	84	84
Reinsurance Recoverables (\$ Mil.)	114	115
RR/Surplus	7	7

RR – Reinsurance recoverables. Note: Statutory accounting principles.

Source: Fitch Ratings, S&P Global Market Intelligence

Fitch's Expectations

- The retention ratio should remain near mid-80%.
- The bulk of recoverables will be due from highly rated reinsurers.

Appendix A: Peer Analysis

Peer Comparison

Click [here](#) for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click [here](#) for a link to a report that summarizes the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's *Insurance Rating Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

Both ANICO and American National Life Insurance Company of New York are considered to be core to one another and the broader group as outlined in Fitch's insurance rating criteria, and, as such, they are assigned a rating consistent with that of ANICO.

Notching

For notching purposes, the regulatory environment of the U.S. is assessed by Fitch as being Effective, and classified as following a Ring-Fencing approach.

Notching Summary

IFS Ratings

A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the implied operating company IDR.

Holding Company IDR

Standard notching was applied between the implied insurance operating company and holding company IDRs for a ring-fenced regulatory environment. No adjustments were made for financial leverage, coverage or significant holding company liquidity.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.

Debt Maturities

(\$ Mil., as of Dec. 31, 2022)

2023	0
2024	0
2025	0
2026	0
2027 and Beyond	1,500
Total	1,500

Source: Fitch Ratings; American National Group, LLC

Short-Term Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix D: Environmental, Social and Governance Considerations

Credit-Relevant ESG Derivation

Credit-Relevant ESG Derivation			Overall ESG Scale	
American National Group, LLC has 8 ESG potential rating drivers				
<ul style="list-style-type: none"> American National Group, LLC has exposure to underwriting/reserving exposed to asbestos/hazardous materials risks but this has very low impact on the rating. American National Group, LLC has exposure to underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations but this has very low impact on the rating. American National Group, LLC has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating. American National Group, LLC has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating. Governance is minimally relevant to the rating and is not currently a driver. 	key driver	0	issues	5
	driver	0	issues	4
	potential driver	8	issues	3
	not a rating driver	1	issues	2
		5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	3	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The **Environmental (E)**, **Social (S)** and **Governance (G)** tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The **Credit-Relevant ESG Derivation** table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk	Industry Profile & Operating Environment; Company Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal/compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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