

Best's News

Best's News & Research Service - July 23, 2019 04:48 PM (EDT)

AM Best Upgrades Credit Ratings of Guarantee Trust Life Insurance Company

July 23, 2019 04:48 PM (EDT)



Oldwick //BestWire// - **AM Best** has upgraded the Financial Strength Rating to A- (Excellent) from B++ (Good) and the Long-Term Issuer Credit Rating to "a-" from "bbb+" of Guarantee Trust Life Insurance Company (GTL) (Glenview, IL). The outlook of these Credit Ratings (ratings) remains stable.

The ratings reflect GTL's balance sheet strength, which AM Best categorizes as very strong, as well as its strong operating performance, limited business profile and appropriate enterprise risk management.

The ratings upgrade for GTL reflects its favorable long-term trend of operating results attributed to its hospital indemnity product, Medicare Supplement and its short term care premium growth. GTL has reported a trend of double-digit return on equity, which continued to strengthen in 2018. GTL's one-year return-on-equity improved to 22.6% in 2018 from 14.7% in 2017. GTL's strong net operating gains in 2018 were driven partially by a declining loss ratio and stronger margins in its hospital indemnity and short term care business.

In 2018, the company reported both direct and net premium growth for the first time since 2016, following the termination of a major distribution partner in 2015. AM Best expects the trend of premium growth to continue as GTL has continued to expand its distribution and become less reliant on any one broker. GTL has improved its risk-adjusted capitalization primarily driven by strong operating results, which have more than offset the capital strain from premium growth. AM Best's assessment of GTL's balance sheet strength of very strong reflects its prudent use of reinsurance to mitigate the risk of its diverse product offerings. The products GTL markets present concentration risk, as these tend to be senior market centric.

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 [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases](#).

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