BEST'S SPECIAL REPORT

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Ratings Review
March 13, 2026

Rating Affirmations and Upgrades Rise in 2025, Downgrades Drop for US Life/ Health Insurers

Declining asset quality and heightened use of reinsurance has pressured some ratings

Principal Takeaways

- Total rating changes declined but upgrades increased in 2025 compared to 2024.
- Operating performance and balance sheet strength improvements drove most upgrades, while most downgrades were due to merger and acquisition (M&A) activity.

Affirmations were the most common rating action taken across all segments in 2025, accounting for 81% of actions taken on life/annuity and health insurers, up from 74% in 2024 (**Exhibit 1**). Downgrades decreased overall for the segment, with a slight increase among health carriers offset by a significant decrease in the life segment (**Exhibit 2**).

US L/A insurers have benefited from record high premiums for the past few years, driven by strong annuity sales. Annuity sales growth was seen across a wide range of products such as fixed index annuities (FIA) and multi-year-guarantee annuities (MYGA), but also in institutional products like pension risk transfers and funding agreement programs. Life companies remain well capitalized, with increasing surplus growth over the past few years. Primary drivers of surplus growth include consistent profitability, prudent asset/liability matching, and favorable yields. Partially offsetting these positive factors is the general decline in asset quality. Asset quality has been impacted by increasing allocations to private placements, but also offshore reinsurance use.

Higher medical cost trends and heightened legislative and regulatory concerns have pressured margins within the health insurance industry. This has been driven by the continuation of higher medical trends for Medicare Advantage (MA), rate and acuity mismatch for Managed Medicaid (Medicaid), and increased utilization and cost trends in commercial business. However, health carriers remain adequately capitalized and have reported favorable net investment income. Moving forward, smaller, less diversified carriers without a strong parent to provide capital support are expected to struggle more in the face of industry headwinds.

Analytical Contact:
Helen Andersen, Oldwick
+1 (908) 882-1629
Helen.Andersen@ambest.com

Contributors:
Brent DeAngelis, Oldwick
Jon Housel, Oldwick
Sally Rosen, Oldwick
Joseph Zazzera, Oldwick

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US Life/Health – Issuer Credit Rating Activity

Through December 31, 2025

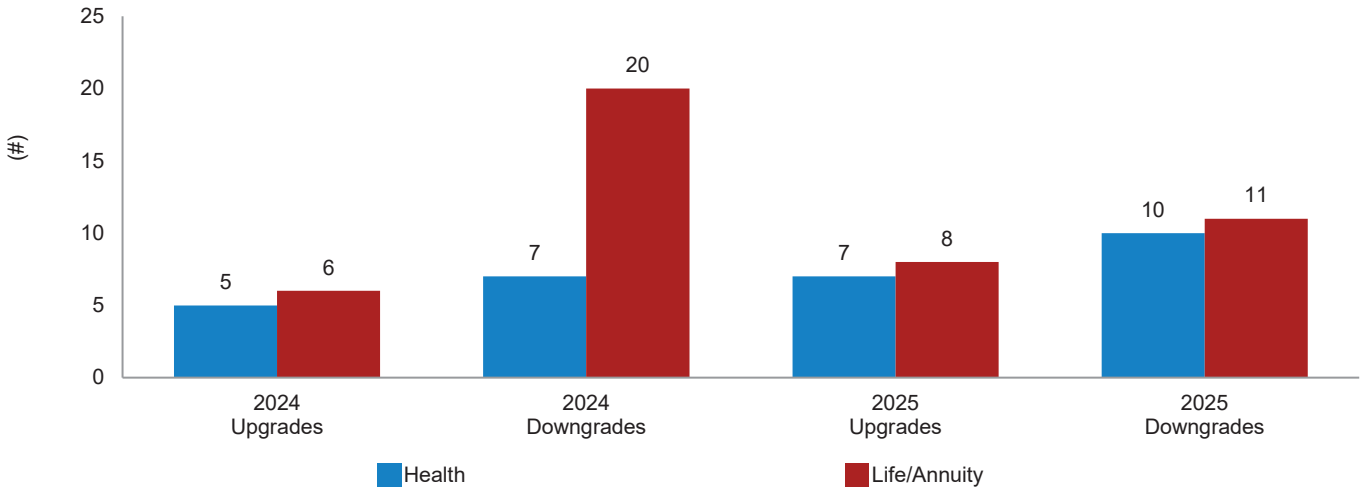
	2024		2025	
	Rating Actions	%	Rating Actions	%
Upgrades	11	3.4	15	4.6
Downgrades	27	8.3	21	6.4
Initial Ratings	8	2.5	2	0.6
Total Rating Changes	**46**	**14.2**	**38**	**11.7**
Total Affirmations	241	74.4	265	81.3
Under Review	37	11.4	23	7.1
Total Rating Actions	**324**	**100.0**	**326**	**100.0**

Figures may not sum to 100 due to rounding.
Source: AM Best data and research

- There were fewer rating changes in 2025 than 2024, as fewer downgrades and initial ratings were partially offset by an increase in upgrades.
- Despite the divergent movement, downgrades were still higher than upgrades.
- Affirmations continue to account for the large majority of rating actions, at 81.3%.
- There were fourteen fewer ratings placed Under Review in 2025 than in 2024.
- AM Best assigned two initial ratings in 2025, compared to eight in 2024.

US Life/Health – Issuer Credit Ratings Upgrades & Downgrades

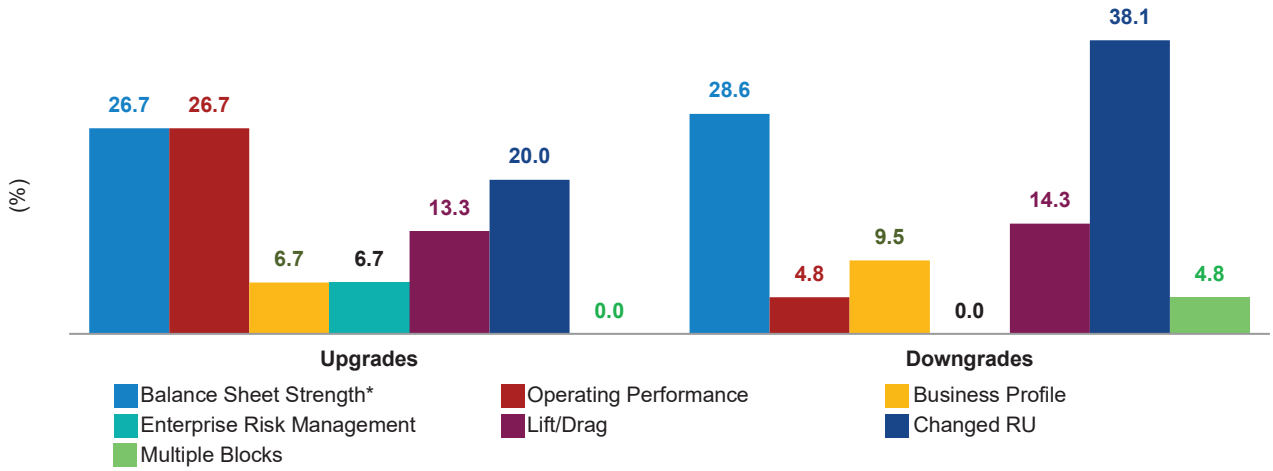
By Segment



Source: AM Best data and research

- The health segment saw seven upgrades and ten downgrade in 2025, compared to five upgrades and seven downgrades in 2024. Of the downgrades in the health segment in 2025, seven were related to the same M&A transaction.
- The life segment experienced eight upgrades and eleven downgrades, a significant improvement from 2024's six upgrades and twenty downgrades.

US Life/Health – Issuer Credit Rating Upgrade & Downgrade Drivers



* Includes movement within balance sheet strength category.
Source: AM Best data and research

- Approximately half of upgrades were driven by improved balance sheet strength or operating performance. Furthermore, 20% of upgrades were driven by a structural change leading to a change in rating unit.
- Over one third of downgrades were due to a structural change leading to a change in rating unit, all stemming from the same transaction which closed in the first half of 2025. The next most prominent driver of downgrades was a deterioration in balance sheet metrics.
- Business profile and ERM continue to account for a minor portion of rating actions.

US Life/Health – Issuer Credit Ratings

		At December 31, 2024		At December 31, 2025							
		Total L/H		Total L/H		Health		Life/Annuity		Life Re	
Category	Rating Level	Rating Units	%	Rating Units	%	Rating Units	%	Rating Units	%	Rating Units	%
Exceptional	aaa	4	1.4	4	1.4	0	0.0	4	2.1	0	0.0
		4	**1.4**	**4**	**1.4**	**0**	**0.0**	**4**	**2.1**	**0**	**0.0**
Superior	aa+	8	2.7	7	2.4	1	1.1	6	3.2	0	0.0
	aa	11	3.8	12	4.2	0	0.0	10	5.3	2	40.0
	aa-	35	12.0	35	12.1	9	9.6	25	13.2	1	20.0
		54	**18.6**	**54**	**18.7**	**10**	**10.6**	**41**	**21.6**	**3**	**60.0**
Excellent	a+	32	11.0	33	11.4	11	11.7	22	11.6	0	0.0
	a	58	19.9	57	19.7	29	30.9	27	14.2	1	20.0
	a-	71	24.4	67	23.2	21	22.3	45	23.7	1	20.0
		161	**55.3**	**157**	**54.3**	**61**	**64.9**	**94**	**49.5**	**2**	**40.0**
Good	bbb+	23	7.9	26	9.0	5	5.3	21	11.1	0	0.0
	bbb	28	9.6	25	8.7	9	9.6	16	8.4	0	0.0
	bbb-	10	3.4	9	3.1	4	4.3	5	2.6	0	0.0
		61	**21.0**	**60**	**20.8**	**18**	**19.1**	**42**	**22.1**	**0**	**0.0**
	Sub-Total	**280**	**96.2**	**275**	**95.2**	**89**	**94.7**	**181**	**95.3**	**5**	**100.0**
Fair	bb+,bb,bb-	6	2.1	9	3.1	1	1.1	8	4.2	0	0.0
Marginal	b+,b,b-	2	0.7	2	0.7	2	2.1	0	0.0	0	0.0
Weak/Very Weak	ccc+,ccc,ccc-,cc	3	1.0	3	1.0	2	2.1	1	0.5	0	0.0
Poor	c	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Sub-Total		**11**	**3.8**	**14**	**4.8**	**5**	**5.3**	**9**	**4.7**	**0**	**0.0**
Total Issuer Credit Ratings		**291**	**100.0**	**289**	**100.0**	**94**	**100.0**	**190**	**100.0**	**5**	**100.0**

Source: AM Best data and research

- The total number of rating units decreased marginally, from 291 at year-end 2024 to 289 total at year-end 2025.
- The proportion of rating units with "Good" to "Exceptional" ratings fell by one percentage point, from 96.2% to 95.2% of L/H rating units. This drop was driven almost exclusively at the "a-" rating level.
- The most common rating remains "a-" (Excellent), held by 23.2% of rating units, followed by "a" (Excellent), at 19.7%, and "aa-" (Superior) at 12.1%.
- The proportion of rating units assessed at Fair or below increased marginally to 4.8%.
- The largest change in proportion among all rating levels was "bbb+" (Good), up 1.1 percentage points.
- A higher proportion of health rating units have ratings in the "Excellent" category than the overall industry, at 64.9%, compared to 54.3%.
- A higher proportion of life/annuity rating units have ratings in the "Superior" category than the overall industry, at 21.6%, compared to 18.7%.

US Life/Health – Issuer Credit Rating Outlooks & Ratings Under Review

Rating Units – By Segment

	2025								2024	
	L/A	%	Health	%	Life Re	%	Total L/H	%	Total L/H	%
Stable	156	82.1	85	90.4	5	100.0	246	85.1	242	83.2
Positive	9	4.7	3	3.2	0	0.0	12	4.2	13	4.5
Negative	15	7.9	5	5.3	0	0.0	20	6.9	21	7.2
Under Review	10	5.3	1	1.1	0	0.0	11	3.8	15	5.2
Grand Total	**190**	**100.0**	**94**	**100.0**	**5**	**100.0**	**289**	**100.0**	**291**	**100.0**

Figures may not sum to 100 due to rounding.
Source: AM Best data and research

- The number of L/H rating units with a Stable outlook rose slightly, to 85.1% at year-end 2025, from 83.2% at year-end 2024. The proportion of Positive and Negative outlooks, as well as ratings Under Review, all declined.
- The life reinsurance segment comprises only five rating units, all of which have a Stable outlook. AM Best maintained the outlook for Global Life Reinsurance in January 2026, noting moderated mortality and strong capitalization. Headwinds include continued emergence of offshore carriers with short track records.
- The life/annuity (L/A) segment, the largest segment of the population, has the greatest share of both Positive and Negative outlooks, which make up 4.7% and 7.9% of L/A rating outlooks, respectively.
- The proportion of L/A carriers with Stable outlooks held steady at 82.1%. Negative outlooks declined slightly, and ratings Under Review increased. The vast majority of ratings still have a Stable outlook.
- AM Best maintained its Stable outlook on the US L/A segment in November 2025, noting strong capitalization, favorable growth trends, and consistent profitability. Annuity growth has seen record sales lately while life products have slowed. Both life and annuity carriers have maintained strong liquidity stress tests and operating results. Headwinds include increased allocation to higher risk assets while removing conservancy in reserves via use of offshore reinsurance. Moving forward, increased competition across the segment may lead to more risk-taking and place pressure on earned spreads.
- Stable ratings outlooks in the health segment increased in 2025, from 84.5% to 90.4%, which compares favorably to the L/H average. Positive outlooks and ratings Under Review decreased, while Negative outlooks stayed in line with the prior year.
- AM Best maintained its Negative outlook on the US Health segment in November 2025, noting the continuation of increased utilization, medical costs, and morbidity across multiple lines of business over a wide range of care. This has led to narrowing margins for MA and Medicaid as well as commercial (both group and individual) markets. Insurers have been implementing corrective measures to restore their operating performance metrics over the medium-to-long term. Despite the headwinds, the segment remains adequately capitalized and liquid, with favorable cash flows and net investment income.

Appendix A

US Life/Health – Rating Upgrades, 2025

AMB #	Company/Rating Unit	Industry Composite	Revised ICR	Prior ICR	Rating Effective Date	ICR Outlook/ Implication
070081	ShelterPoint Life Group	Accident & Health	a	a-	1/23/2025	Stable
008354	Mountain Life Insurance Co	Individual Life	bbb-	bb+	1/29/2025	Stable
070171	Nassau Insurance Group	Individual Annuity	bbb+	bbb	2/13/2025	Stable
006863	Old Republic Life Ins Co	Accident & Health	a-	bbb+	4/11/2025	Stable
006454	Unity Financial Life Ins Co	Group Life	bbb+	bbb	4/25/2025	Stable
006694	Lincoln Heritage Life Ins Co	Individual Life	a	a-	7/24/2025	Stable
062564	Somerset Reinsurance Company	Multiple Lines	a	a-	7/31/2025	Stable
008081	Gulf Guaranty Life Ins Co	Individual Life	bbb+	bbb	9/12/2025	Stable
060266	Regence BlueShield of Idaho*	Total US L & H BC/BS	a	a-	9/25/2025	Stable
070400	National Farm Group	Individual Life	a-	bbb+	11/12/2025	Stable
069724	Physicians Mutual Group	Accident & Health	aa-	a+	11/13/2025	Stable
006441	Granular Insurance Company	Medical Non-HMO	a	a-	12/12/2025	Stable
064776	Wellpoint West Virginia, Inc.*	HMO	a+	a-	12/12/2025	Stable
009233	Wellpoint Life & Health Ins Co*	Medical Non-HMO	a+	a-	12/12/2025	Stable
069578	Jackson National Group	Individual Annuity	a+	a	12/18/2025	Stable

* Co was added to another rating unit

Source: AM Best data and research

Appendix B

US Life/Health – Rating Downgrades, 2025

AMB #	Company/Rating Unit	Industry Composite	Revised ICR	Prior ICR	Rating Effective Date	ICR Outlook/ Implication
008851	Mutual of America Life Ins Co	Group Annuity	a-	a	4/3/2025	Negative
068055	TruSpire Retirement Ins Co	Individual Life	bbb+	a-	4/3/2025	Stable
068017	Leaders Life Insurance Company	Individual Life	a-	a	5/9/2025	Developing
006064	American Heritage Life Ins Co	Accident & Health	a+	aa-	5/14/2025	Stable
007775	Life Insurance Co of Louisiana	Individual Life	bb+	bbb-	5/16/2025	Stable
006203	HealthSpring Natl Health Ins*	Medical Non-HMO	a	a+	7/1/2025	Stable
006449	Medco Containment Life Ins Co*	Medical Non-HMO	a	a+	7/1/2025	Stable
068864	HealthSpring HealthCare of CO*	HMO	a	a+	7/1/2025	Stable
006671	Loyal American Life Ins Co*	Accident & Health	a	a+	7/1/2025	Stable
006932	Provident Amer Life and Health*	Medical Non-HMO	a	a+	7/1/2025	Stable
010747	Medco Containment Ins Co of NY	Medical Non-HMO	a	a+	7/1/2025	Stable
008831	Amer Retirement Life Ins Co*	Accident & Health	a	a+	7/1/2025	Stable
007358	Puritan Life Ins Co of America	Individual Annuity	bbb	bbb+	7/17/2025	Stable
069183	UnitedHealthcare Companies	...	a+	aa-	8/28/2025	Stable
008354	Mountain Life Insurance Co	Individual Life	bb	bbb-	9/11/2025	Stable
060390	Stellar National Life Ins Co	Individual Annuity	bb	bbb-	9/18/2025	Stable
064924	Group Ins Trust of CalCPA	Medical Non-HMO	bbb-	bbb	11/7/2025	Stable
070126	State Farm Life Group	Individual Life	aa	aa+	11/14/2025	Stable
006191	Catholic Order of Foresters	Individual Life	bbb	bbb+	11/21/2025	Negative
007332	Grange Life Insurance Company	Individual Life	bbb-	bbb	12/4/2025	Negative
006339	EMC National Life Company	Individual Life	bbb+	a-	12/12/2025	Developing

* Co was added to another rating unit

Source: AM Best data and research

Appendix C
US Life/Health – Initial Ratings, 2025

AMB #	Company/Rating Unit	Industry Composite	ICR	Rating Effective Date	ICR Outlook/ Implication
065258	Ceres Life Insurance Company	Multiple Lines	bbb+	7/9/2025	Stable
062259	MG Insurance Company	Medical Non-HMO	bb+	11/14/2025	Stable

Source: AM Best data and research

Appendix D
US Life/Health – Ratings Under Review, 2025

AMB #	Company/Rating Unit	Industry Composite	Revised ICR*	Rating Effective Date	ICR Outlook/ Implication
009373	Direct General Life Ins Co	Individual Life	a+	2/5/2025	Developing
006811	National Western Life Ins Co	Individual Life	a-	2/6/2025	Developing
006877	Ozark National Life Ins Co	Individual Life	a-	2/6/2025	Developing
070471	Prosperity Life Group	Individual Annuity	a-	2/6/2025	Developing
006468	Banner Life Insurance Company	Group Annuity	aa-	2/14/2025	Developing
006734	William Penn Life Ins Co of NY	Group Annuity	aa-	2/14/2025	Developing
006802	National Security Insurance Co	Individual Annuity	bb	3/14/2025	Negative
006360	Family Life Insurance Company	Accident & Health	bbb	4/14/2025	Developing
068017	Leaders Life Insurance Company	Individual Life	a-	5/9/2025	Developing
070844	PacificSource Health Group	HMO	bbb	5/13/2025	Negative
008081	Gulf Guaranty Life Ins Co	Individual Life	bbb	5/23/2025	Developing
006441	Granular Insurance Company	Medical Non-HMO	a-	7/9/2025	Positive
007358	Puritan Life Ins Co of America	Individual Annuity	bbb	8/1/2025	Developing
062559	CL Life and Annuity Ins Co	Individual Annuity	bbb+	9/11/2025	Developing
006468	Banner Life Insurance Company	Group Annuity	aa-	9/18/2025	Developing
006734	William Penn Life Ins Co of NY	Group Annuity	aa-	9/18/2025	Developing
062521	Pillar Life Insurance Company	Individual Annuity	bbb-	9/18/2025	Developing
069913	Life of the South Group	Accident & Health	a-	10/2/2025	Positive
068055	TruSpire Retirement Ins Co	Individual Life	bbb+	10/21/2025	Developing
070844	PacificSource Health Group	HMO	bbb	10/21/2025	Developing
070516	Brighthouse Insurance Group	Individual Annuity	a+	11/10/2025	Negative
006436	Garden State Life Ins Co	Individual Life	a	11/21/2025	Developing
006339	EMC National Life Company	Individual Life	bbb+	12/12/2025	Developing
070518	SILAC Insurance Group	Individual Annuity	bb+	12/12/2025	Developing

* Current ratings may differ

Source: AM Best data and research

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WORLD HEADQUARTERS
A.M. Best Company, Inc.
A.M. Best Rating Services, Inc.
1 Ambest Road, Oldwick, NJ 08858
Phone: +1 908 439 2200

MEXICO CITY
A.M. Best América Latina, S.A. de C.V.
Av. Paseo de la Reforma 412, Piso 23,
Col. Juárez, Alcadía Cuauhtémoc, C.P. 06600, México, D.F.
Phone: +52 55 1102 2720

EUROPE, MIDDLE EAST & AFRICA (EMEA)

LONDON
A.M. Best Europe - Information Services Ltd.
A.M. Best Europe - Rating Services Ltd.
12 Arthur Street, 8th Floor, London, UK EC4R 9AB
Phone: +44 20 7626 6264

AMSTERDAM
A.M. Best (EU) Rating Services B.V.
NoMA House, Gustav Mahlerlaan 1212, 1081 LA Amsterdam, Netherlands
Phone: +31 20 308 5420

DUBAI*
A.M. Best Europe - Rating Services Ltd. - DIFC Branch*
Office 102, Tower 2, Currency House, DIFC
P.O. Box 506617, Dubai, UAE
Phone: +971 4375 2780
*Regulated by the DFSA as a Credit Rating Agency

ASIA-PACIFIC

HONG KONG
A.M. Best Asia-Pacific Ltd
Unit 4004 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Phone: +852 2827 3400

SINGAPORE
A.M. Best Asia-Pacific (Singapore) Pte. Ltd
8 Cross Street, #21-03 Manulife Tower
Singapore 048424
Phone: +65 6303 5000



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