

Fitch Rates Sagicor Financial Company Ltd's New Senior Debt 'BB-'

Fitch Ratings has assigned a 'BB-' rating to the new \$400 million senior unsecured debt issued by Sagicor Financial Company Limited (SFCL). SFCL's existing ratings are not impacted by today's rating action. The assignment of final ratings, which are aligned with the expected ratings assigned on May 3, 2021, follows the receipt of documents conforming to details of the issuance already received.

KEY RATING DRIVERS

The ratings assigned to the new senior unsecured notes reflect standard notching based on Fitch's rating criteria and are equivalent to SFCL's existing senior unsecured notes. The senior unsecured notes are rated one notch below SFCL's IDR of 'BB'. Proceeds from the issuance of the new notes are expected to be used to retire the existing senior debt and general corporate purposes.

SFCL is a Bermuda-based financial holding company and leading provider of insurance products and financial services in the Caribbean. It also provides insurance products in the U.S. as well as banking and investment management services in Jamaica. Primary insurance subsidiaries and the corresponding regions for SFCL include Sagicor Group Jamaica Ltd. (Jamaica and Cayman Islands), Sagicor Life Inc. (Barbados and Trinidad and Tobago), and Sagicor Life USA (U.S.). Aside from these main subsidiaries and regions, the company also has insurance operations in many of the Eastern and Dutch Caribbean islands and select Latin American countries.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- no material deterioration in economic and operating environments and sovereigns of Jamaica, Trinidad, and Barbados resulting from the Coronavirus situation;
- deployment of capital proceeds from the AQY transaction to grow operations in investment grade jurisdictions;
- decline in financial leverage ratio below 25% (adjusted to exclude non-controlling interests from capital).

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Significant deterioration in the economic and operating environments and sovereigns of Jamaica, Trinidad, and Barbados which would lead to a material decline in operating performance and/or credit profile of SFCL's investment portfolio;

--Deterioration in key financial metrics, including consolidated MCCSR falling below 180% and financial leverage exceeding 50% and ROE below 5% on a sustained basis.