FitchRatings

Insurance
Life Insurers
Caribbean

Sagicor Financial Company Ltd.

And Operating Subsidiaries

Key Rating Drivers

Strong Capitalization: Fitch Ratings views capitalization of Sagicor Financial Company Ltd. (SFCL) to be strong and supportive of the ratings following the 2019 acquisition by Alignvest II Acquisition Corporation (AQY), which brought in significant capital proceeds. Fitch's view of SFCL's capitalization is supported by a strong consolidated Minimum Continuing Capital and Surplus Requirement (MCCSR) reported at 247%, as of Sept. 30, 2021. Operating leverage was at 7.0x, as of Sept. 30, 2021, which is considered very strong, relative to life insurance peers.

Financial Leverage within Expectations: Fitch considers SFCL's financial leverage ratio at 29%, as of Sept. 30, 2021, to be within expectations of the current rating. SFCL's financial leverage was historically considered high and favorably declined primarily due to additional capital proceeds following completion of the AQY transaction. Financial leverage increased following debt refinancing in 2Q21 and is expected to increase to 35% pro forma for the additional senior note issuance.

Evolving Company Profile: Our view of SFCL's 'less favorable' company profile continues to be heavily influenced by the economic environment and sovereign risks of Barbados and Jamaica (B+/Stable), given the company's considerable operations in those countries. Fitch's view of SFCL's business profile considers an improvement supported by growth in earnings and assets in U.S. operations over the last few years and our internal view of Trinidad.

High Below-Investment-Grade Investments: SFCL's investment portfolio has substantial concentrations in Jamaican and Barbadian sovereign debt, which is primarily used to meet local regulatory requirements and for asset/liability matching purposes. SFCL has a significant concentration of below-investment-grade debt as a result. Favorably, the ratio of below-investment-grade investments/equity remained lower than historical levels over the last three years.

Rating Sensitivities

Criteria: Under Fitch's criteria, notching between actual and/or implied Insurer Financial Strength (IFS) "anchor" ratings and the Issuer Default Rating (IDR) of a holding company (holdco) compresses/expands by one notch when the anchor rating migrates between investment-grade and non-investment-grade. SFCL's implied anchor ratings would move between that cusp point if upgraded by one notch, implying the next potential upgrade in SFCL's holdco IDR and senior debt ratings would be by two notches.

Upgrade Sensitivities: Key rating sensitivities that could result in positive rating action/upgrade include no material deterioration in economic and operating environments and in the sovereigns of Jamaica, Trinidad, and Barbados, deployment of capital proceeds to grow operations in investment-grade jurisdictions, and a decline in financial leverage, as calculated by Fitch to be below 25%.

Downgrade Sensitivities: Key rating sensitivities that could result in negative rating action/downgrade include significant deterioration in the economic and operating environments and in the sovereigns of Jamaica, Trinidad, and Barbados, which would lead to a material decline in the operating performance and/or credit profile of SFCL's investment portfolio or deterioration in SFCL's key financial metrics.

Latest Developments

- SFCL completed a $150 million additional issuance of notes in December 2021 via a reopening of the May 2021 issuance of senior notes.
- SFCL completed an issuance of $400 million of 5.3% senior notes due 2028 in May 2021, which was used to refinance $318 million of 8.875% senior notes due 2022.
- Fitch affirmed Jamaica's Long-Term (LT) Foreign Currency (FC) IDR at 'B+' with a Stable Outlook in March 2021.

Ratings

Sagicor Financial Company Ltd.

Long-Term Issuer Default Rating	BB
Senior Unsecured Debt	BB–

Outlooks

Stable

Financial Data

Sagicor Financial Company Ltd.

($ Mil.)	12/31/20	9/30/21
Total Assets	9,266	10,135
Total Equity	1,658	1,690
Total Liabilities	7,608	8,445
Net Income	(15)	140

Note: Reported on an IFRS basis.
Source: Fitch Ratings, Sagicor Financial Company Ltd.

Applicable Criteria

Insurance Rating Criteria (November 2021)

Related Research

CML Headroom Analysis: U.S. Life Insurers (Screeners Indicate Resilience to Possible Commercial Mortgage Loan Downturn) (September 2021)

U.S. Life Insurers' Investment Portfolios (Results of Fitch's YE 2020 Survey) (September 2021)

Analysts

Nelson Ma
+1 212 908-0273
nelson.ma@fitchratings.com

Milena Carrizosa
+57 601 484-6772
milena.carrizosa@fitchratings.com

Company Profile

Business Concentration in Lower-Rated Jurisdictions Remains A Driver

SFCL's overall 'less favorable' company profile score considers the company's bespoke Industry Profile and Operating Environment (IPOE) score, see *Appendix A*, which reflects the company's primary regions of operations in Barbados, Jamaica, Trinidad and the U.S. SFCL's company profile score reflects a large portion of its business mix in below-investment-grade jurisdictions but also recognizes improvement supported by continued growth in the U.S. over the last several years.

Fitch's view of SFCL's overall 'less favorable' company profile considers its concentration of operations in lower-rated jurisdictions, where the company has a dominant market position and most favorable operating scale, balanced with its more limited operating scale and market position in the U.S. We consider SFCL to be highly diversified, relative to its business lines and geographies, and its business risk profile to be on par with life insurance peers. Fitch expects SFCL's company profile to continue to shift more toward investment-grade jurisdictions, given the company's strategy to support growth and capital needs in the U.S. Growth in the company's Bermuda reinsurance entity will further support the shift of overall business mix to investment-grade jurisdictions.

A significant portion of operations by capital and profitability are in below-investment-grade jurisdictions. Jamaica's operational and economic risks factor heavily into SFCL's view of company profile due primarily to the country's significant earnings contribution and capital, relative to the consolidated group. Jamaican operations represented approximately 47% of total profitability and roughly 33% of total capital over the last five years since 2017. About half of SFCL's below-investment-grade bond portfolio consists of Jamaican sovereign debt. The sovereign securities are used to fulfill local regulatory requirements or to currency-match insurance liabilities. Fitch's sovereign rating for Jamaica is 'B+' with a Stable Outlook and the Country Ceiling is 'BB–'.

While not as significant as Jamaica, SFCL's Barbadian operations still represent a meaningful portion of total profitability and total capital over the last five-year period since 2017. While Fitch does not publish a sovereign rating or a Country Ceiling for Barbados, it maintains internal viewpoints on the sovereign that were considered in SFCL's rating. The company's operations in Trinidad and the U.S. provide some positive offset to the company's operational and sovereign concentration in Barbados and Jamaica. Trinidad is a region of primary operations for SFCL and represents a significant portion of SFCL's profitability and capital over the last five years since 2017.

Senior management of SFCL is focused on growing the insurance operations in the U.S. The company's U.S. operations are growing based on sales of individual fixed annuities and traditional life products. The U.S. operations of SFCL contributed approximately 10% of SFCL's profitability and 22% of capital over the last five years since 2017. Fitch expects SFCL's company profile to continue to shift more toward investment-grade jurisdictions, given the company's strategy toward growth in the U.S. and Bermuda, with expectations the company will continue to support capital needs in these regions due to growth. Fitch considers SFCL's corporate governance to be Moderate/Favorable. We view the company's group structure as somewhat more complex than peers, given the company's primary regions of operations, which are partially offset by a lower degree of related party transactions, relative to the industry.

Governance structure is viewed as in line with peers. The majority of the board of directors (BOD) is independent and presently consists of 15 members, 12 of whom are independent, non-executive directors. Fitch considers SFCL's disclosures and financial reporting to be better than local regulatory requirements as the company self imposes the Canadian MCCSR capital framework as a number of jurisdictions in the Caribbean region have no internationally recognized capital adequacy requirements.

PricewaterhouseCoopers is SFCL's independent auditor and reviewed the IFRS consolidated financial statements of SFCL and its subsidiaries as of Dec. 31, 2020 and Dec. 31, 2019 and had no adverse opinion.

Ownership

SFCL is a publicly-owned company and its common stock is listed on the Toronto Stock Exchange. Fitch considers the company's public ownership to be neutral to its ratings.

Capitalization and Leverage

Strong Capitalization; Financial Leverage Within Expectations

We consider SFCL's capitalization metrics to be strong and supportive of the ratings. Fitch's view of SFCL's capitalization substantially improved following the 2019 AQY transaction, which brought in additional capital proceeds. Supporting our view of SFCL's capitalization is operating leverage, as of Sept. 30, 2021, at 7.0x, which is considered low and strong, relative to life insurance peers.

SFCL historically maintained strong capitalization metrics, including MCCSR at 247%, as of Sept. 30, 2021. MCCSR is the principal standard used to assess the capital adequacy of SFCL's consolidated insurance operations. However, due to variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the group as a whole and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch.

SFCL adopted the Canadian MCCSR standard in accordance with its objectives for managing capital, given a number of jurisdictions in the Caribbean region have no internationally recognized capital adequacy requirements. Jamaica and the U.S. have recognized capital adequacy standards. The minimum standard recommended by Canadian regulators for companies is an MCCSR of 150% and SFCL targets a minimum MCCSR of 175%. However, Fitch notes SFCL is not subject to the oversight of Canadian regulators.

Fitch considers SFCL's financial leverage ratio at 29%, as of Sept. 30, 2021, to be within expectations of the current rating. SFCL's financial leverage was historically considered high and favorably declined primarily due to additional capital proceeds following completion of the AQY transaction. Financial leverage incrementally increased in 2Q21 following the debt refinancing transaction and is expected to increase to approximately 35% pro forma for the recently completed additional debt.

Fitch Expectations

- Fitch expects SFCL's strong capitalization metrics, including strong operating leverage levels at, or below, 8.0x to persist over the intermediate term.
- Fitch expects financial leverage to increase to 35% from the recently completed additional note issuance and to remain around this level over the intermediate term.

Financial Highlights

	2020	9/30/21
Financial Leverage[a] (%)	26	29
Asset Leverage (x)	8	9
Operating Leverage (x)	7	7
Minimum Continuing Capital and Surplus Requirement[b] (%)	252	247

[a]Equity is adjusted to exclude noncontrolling interests.
[b]Based on consolidated accounts.
Source: Fitch Ratings, Sagicor Financial Company Ltd.

Debt Service Capabilities and Financial Flexibility

Improved Financial Flexibility and Strong Debt Service Capabilities

SFCL's fixed-charge coverage ratio, as calculated by Fitch, was approximately 5.0x, as of Sept. 30, 2021, which was bolstered by strong operating performance over the first nine-months (9M) of 2021. SFCL historically maintained satisfactory interest coverage levels between 3.0x–4.0x in the last four years. SFCL's high holdco cash coverage ratio reflects the company's substantial proceeds maintained at the holdco level, which, as of Sept. 30, 2021 was in excess of $300 million.

SFCL benefits from improved access to potential sources of capital, which not only includes its institutional Caribbean shareholders but also Canadian institutional and high-net-worth shareholders that were included in the AQY transaction. The additional shareholders from the AQY transaction also improve interest in public shares, which could potentially support increased liquidity in the shares.

Fitch Expectations

- Fitch expects SFCL's financial flexibility and debt service to remain strong, supported by ample holdco assets.

Financial Highlights

	2020	9/30/21
IFRS Interest Coverage (x)	4	5
Holding Company Cash Coverage (x)	13	16

Note: IFRS interest coverage consists of income attributable to common shareholders before interest and taxes divided by interest expense. Holding company cash coverage is income attributable to common shareholders before interest and taxes plus holding company cash assets divided by interest expense.
Source: Fitch Ratings, Sagicor Financial Company Ltd.

Financial Performance and Earnings

Recent Operating Performance Affected by the Pandemic

SFCL's 2020 operating performance was negatively affected by the coronavirus pandemic, largely driven by unfavorable marked-to-market losses and higher overall credit impairments. Favorably, SFCL's strong operating results for 9M21 benefited from favorable investment performance, favorable annual assumption review results and strong sales growth in the U.S. The company exhibited a strong and stable earnings trend historically. There is some uncertainty regarding the need for further statutory reserve increases across product lines, due to ongoing low interest rates and mismatches in duration, but Fitch believes the effect on SFCL's capital and earnings is manageable.

Uncertainty over low rates is somewhat mitigated as SFCL reports under the IFRS framework, where liabilities are revalued on the reporting date to reflect prevailing interest rates and changes in exchange rates. The effect of revaluation flows through the income statement and is inherently more volatile than companies reporting under a U.S. GAAP framework, where liabilities are valued on best-estimate assumptions and not changed for future valuations, unless it is determined future income is no longer adequate.

Financial Highlights

(USD Mil.)	2020	9/30/21
Pretax Operating Income	27	186
Net Income Attributable to Common Shareholders	(4)	91
ROA (%)	1	3
ROCE (%)	0	11

ROCE – Return on common equity. Note: ROCE calculation excludes discontinued operations and foreign currency retranslation effects.
Source: Fitch Ratings, Sagicor Financial Company Ltd.

Fitch Expectations

- Fitch expects Jamaica, Trinidad and the U.S. to continue to be primary drivers of overall profitability of the company over the medium term.

Investment and Asset Risk

Above Average Investment Risk Driven by Countries of Operations

Fitch views SFCL's investment portfolio to have considerably above-average investment risk relative to the industry. The investment portfolio has substantial concentrations in Jamaican and Barbadian sovereign debt and, as a result, has a significant concentration of below-investment-grade debt. SFCL's invested assets were USD8.7 billion, as of Sept. 30, 2021. SFCL invests in investment-grade-bonds, if available, and in local Caribbean sovereign bonds that match liabilities. The exposure to Barbadian sovereign debt represents approximately 3% of the total investment portfolio and approximately 16% of shareholders' equity. The company primarily holds Barbadian sovereigns to meet regulatory requirements and currency match insurance liabilities. SFCL's exposure to Jamaican sovereign debt is substantially higher at approximately 13% of total investments and 69% of shareholders' equity.

While the sovereign concentrations are reasonable, given the operations in these two countries, the sovereign exposures represent a large concentration risk and a potential source of volatility to capital adequacy in the event of an adverse sovereign scenario. Favorably, SFCL implements strategies to minimize concentration of sovereigns in their respective countries, including sales of U.S. dollar liabilities in Jamaica and holding investments outside of minimum regulatory requirements in U.S. dollar-denominated assets.

The company's overall exposure of below-investment-grade assets to shareholders' equity was 153%, as of Sept. 30, 2021, which well exceeds the levels of peers and is exacerbated by the investments in sovereigns to meet local regulatory requirements. The below-investment-grade bonds are comprised of Barbadian and Jamaican debt, along with exposure to other lower-rated local Caribbean government authority bonds and some high-yield corporate exposure.

Financial Highlights

(%)	2020	9/30/21
Total Invested Assets (USD Mil.)	7,678	8,673
Below-Investment-Grade Bonds/Equity	122	144
Below-Investment-Grade Loans/Equity	45	9
Barbadian and Jamaican Sovereigns/Equity	85	85

Source: Fitch Ratings, Sagicor Financial Company Ltd.

Fitch Expectations

- Fitch expects an increase in the share of investment-grade assets in the investment portfolio to persist over time.
- Fitch expects high concentrations of below-investment-grade assets to remain in its portfolio driven by the need to maintain sovereign bonds to meet local regulatory requirements and for asset/liability matching purposes.

Asset/Liability and Liquidity Management

Moderate View of Asset/Liability Management

Fitch considers SFCL's asset/liability management (ALM) capabilities to be moderate, supported by reasonably, well-designed cash flow and duration matching. SFCL manages interest rate risk in markets where longer-dated assets do not exist and is required to set aside additional reinvestment risk reserves associated with the duration mismatch. SFCL manages its exposure to local currency risk by its net long U.S. dollar asset position to reduce currency fluctuations.

The company mainly invests in investment-grade bonds but is constrained by limitations in many jurisdictions that impose foreign investment restrictions. Insurance subsidiary assets and liabilities are relatively well matched by duration with the exception of Barbados and Trinidad, where assets of sufficient duration simply do not exist. The lack of suitable long-term assets and derivatives in Barbados and Trinidad, and the resulting duration mismatch, exposes the company to reinvestment risk. Fitch notes the company's actuarial liabilities are established based on the Canadian reserving framework, which requires SFCL to set aside additional reserves to address the reinvestment risk associated with the duration mismatch.

SFCL tries to closely match its assets and liabilities by currency exposure, which keeps exchange rate risk manageable, in Fitch's opinion. The company tracks its currency exposure by geographic region. SFCL monitors net exposures to foreign currency positions and assumes a depreciation stress, particularly on floating-rate currencies, including Jamaican dollars, Trinidad and Tobago dollars and British pounds. Overall, the group tends to be net long U.S. dollar assets to reduce currency fluctuations. However, currency translation risks remain for the group as its reporting currency is in U.S. dollars.

Fitch Expectations

- Fitch expects no material changes in SFCL's asset/liability management practices.

Financial Highlights

(USD Bil.)	2020	9/30/21
Total Liabilities	7.6	8.5
Liquid Assets/Actuarial Reserves (x)	0.8	0.9
Liquid Assets/Total Policy Liabilities (x)	0.6	0.7

Source: Fitch Ratings, Sagicor Financial Company Ltd.

Appendix A: Industry Profile and Operating Environment

SFCL's primary operations are located in four jurisdictions: Barbados, Jamaica, Trinidad and the U.S. Given the company's insurance operations across the Caribbean and the U.S., SFCL's IPOE score is an amalgamated IPOE range of 'bb+' to 'b–', reflecting its primary regions of operations. SFCL's IPOE range continues to reflect the skew of its business mix toward below-investment-grade jurisdictions, which remains the majority but recognizes continued growth in the U.S. over the last several years.

SFCL's overall amalgamated IPOE score and the various components of the IPOE score remain heavily influenced by the economic environment and sovereign risks of Barbados and Jamaica, given the company's considerable operations in those countries. Fitch's view of SFCL's IPOE considers growth of its U.S. operations, where the region is SFCL's largest by assets, and Fitch's internal view of Trinidad.

Regulatory Oversight

SFCL adopted the Canadian MCCSR standard in accordance with its objectives for managing capital, given a number of jurisdictions in the Caribbean region have limited and developing to no internationally recognized capital adequacy requirements. Jamaica and the U.S. have recognized risk-based capital adequacy standards.

Technical Sophistication of Insurance Market; Diversity and Breadth

The technical sophistication of some of SFCL's markets in the Caribbean are developing and, in some cases, lacking. Products sold in these markets tend to be simple. The U.S. life insurance sector is very sophisticated technically, with diverse and very deep product offerings.

Competitive Profile

SFCL has a dominant market position and most favorable operating scale in many of SFCL's Caribbean markets. In the U.S., the company has a more limited but growing market position and operating scale.

Financial Markets Development

Financial market development of some of SFCL's markets in the Caribbean is limited or not very developed. The U.S. has the largest and most developed financial markets in the world.

Country Risk

Barbados

Barbados is dependent on tourism and offshore financial services, the majority of which are of U.S. or Canadian origin. Economic performance is poor since the Global Financial Crisis. Real GDP growth averaged an estimated 0.5% between 2010 and 2019. The coronavirus pandemic had a severe effect on the Barbadian economy in 2020, primarily due to its heavy reliance on the tourism sector. Tourism is expected to slowly recover toward YE 2021, as key source markets, such as the U.S., Canada, and the U.K., have quickly advanced in vaccine rollouts and further ease travel restrictions. However, there are significant downside risks as new coronavirus variants emerge.

The ongoing effects of the pandemic and slow tourism recovery have led the government, in coordination with the IMF under the Barbados Economic Recovery and Transformation (BERT) program, to adjust key fiscal and debt targets. The government eased its fiscal position in 2020, due to the sharp contraction in revenue and higher health expenditure, resulting in a primary deficit of 1.0% of GDP (4.8% overall). Revenue fell by 14%, and expenditure grew by 15%. The primary surplus target had originally been set at 6% of GDP, which was achieved in 2019 under the program. Primary deficit targets again were revised down for 2021 to similar levels (–1% of GDP).

Although high, the composition of Barbados' debt improved significantly following the 2018 comprehensive debt restructuring. Only 8.4% of total debt (11.9% of 2020 GDP) reflects external bond debt. The IMF classifies Barbados' debt as "sustainable but subject to high risks", noting a return to significant primary surpluses will occur only after the program ends and is subject to significant downside risks related to the pandemic and tourism recovery. The IMF program remains largely on track.

Jamaica

Fitch affirmed Jamaica's LT FC IDR at 'B+' in March 2021 with a Stable Outlook, supported by Fitch's expectation the public debt level will return to a firm downward path post-pandemic. This is underpinned by political consensus to maintain a high primary surplus, the resilience of external finances, and stronger economic policy institutions. Jamaica's rating is supported by World Bank Governance Indicators that are substantially stronger than the 'B' and 'BB' medians, a favorable business climate according to the World Bank Doing Business Survey, moderate inflation and moderate commodity dependence. These strengths are balanced by vulnerability to external shocks, a high public debt level and debt composition making the sovereign vulnerable to exchange rate fluctuations. Exchange rate flexibility supports the external sector.

Fitch expects the economy will grow by 4.5% in 2021, with risks to the downside stemming from uncertainty around vaccine roll outs and a possible third wave of the virus. We expect growth will accelerate in 2022 to 5.2% assuming the tourism industry will have a better 2021–2022 winter season than the prior one. External finances were resilient to the pandemic. Fitch estimates the current account deficit narrowed in 2020 to 0.9% of GDP, from 2.0% of GDP in 2019, despite a halving of services credits (mostly tourism). The improvement reflected a contraction in imports caused by lower tourism-related products and energy prices, and a jump in inflows from remittances. The Bank of Jamaica made limited interventions in the FX market letting the currency depreciate 8% in 2020. The banking sector is well capitalized and while non-performing loans showed an uptick they remain relatively low.

Trinidad and Tobago

Trinidad's relatively high income and government sovereign foreign asset holdings support higher ratings relative to Barbados and Jamaica, although foreign reserves were on a steady decline over the past five consecutive years. Commodity dependence is high, and is increasingly so, as non-energy economic activity remains stagnant. Weak business confidence, low labor productivity and FX market distortions continues to hinder improvement in the non-energy sector and development of small and medium companies. Oil and gas allowed Trinidad and Tobago to become one of the highest-income countries in Latin America and the Caribbean. The oil and gas sector accounted for 80% of exports in 2019. The sovereign net foreign asset position is currently very strong. Policymakers prioritize exchange rate stability, closely managing the Trinidad and Tobago dollar. Central government debt at over 80% of GDP is significantly higher than the 'BB' median and steadily increasing.

U.S.

A majority of North American life insurers in Fitch's rated universe have IFS ratings in the 'AA' and 'A' categories and Stable Outlooks. These ratings reflect the sector's very strong balance sheet profile and stable financial performance, which benefited from cyclical economic improvement, higher interest rates and benign credit. Insurers' ratings are unconstrained by sovereign risk issues as Fitch maintains a 'AAA' country rating with a Stable Outlook on the U.S. The rating is supported by structural strengths, including the size of the economy, high per capita income, strong institutions, dynamic business environment and the world's pre-eminent reserve currency. Partially offsetting these are concerns tied to government spending and financing activity, particularly growth in government deficits and the ability to meet long-term obligations, such as retirement and healthcare entitlements.

Appendix B: Additional Financial Exhibits

Currency Exchange Rate to U.S. Dollar

	2020		9/30/21	
(USD)	Closing	Average	Closing	Average
Barbadian Dollar	2.0	2.0	2.0	2.0
Eastern Caribbean Dollar	2.7	2.7	2.7	2.7
Jamaican Dollar	142	142	146	149
Trinidad and Tobago Dollar	6.8	6.7	6.7	6.7
U.K. Pound Sterling	0.7	0.7	0.7	0.7

Source: Sagicor Financial Company Ltd.

Appendix C: Peer Analysis

Improving Company Profile, Strong Capitalization with Above-Average Investment Risk

SFCL's closest peers are the largest Latin American insurance companies. The rating is driven by its evolving business profile, which is heavily influenced by the economic environment and sovereign risks in Barbados and Jamaica, given its considerable operations, and growth in earnings and assets in the U.S., strong capitalization, higher financial leverage, and above-average investment risk, relative to the industry.

SFCL's operating leverage is within the range of peers and is reasonable, given the company's mix of business, while financial leverage at 26%, as of YE 2020, remains high relative to peers. The company's rating reflects higher exposure to below-investment-grade assets, which are driven by the exposure to below-investment-grade government securities and are used to meet local regulatory requirements in SFCL's primary regions of operation. SFCL's exposure to Jamaican and Barbadian sovereign debt exposure is significant.

Peer Comparison

(USD Mil. as of YE 2020)	Country	IDR/IFS Rating	NPW	Total Equity	Liabilities/ Equity (x)	Assets/ Equity (x)	ROE (%)	ROAA (%)	Liquid Assets/ Reserves (x)	Financial Leverage (%)
Sagicor Financial Company Ltd.	Bermuda	BB[a]	1,403	1,658	7	8	0.3	0.7	0.8	26
Sulamerica	Brazil	BB–[a]	3,841	1,561	2.4	3.4	30.8	8.4	0.62	16.4
Ohio	Chile	BBB+	226	94	12.6	13.6	20.6	2.1	0.85	0
Pacifico Peruano	Peru	BBB+	1,027	675.7	4.6	6.0	10.9	1.9	0.9	13.9
RIMAC	Peru	BBB	1,479	633.5	6.6	7.6	10.7	1.6	1.1	2.7

[a]The IDR of Sagicor Financial Company Ltd. and Sulamerica is provided in this table but the IFS is listed for peers. IDR – Issuer Default Rating. IFS – Insurer Financial Strength. NPW – Net premiums written.
Source: Fitch Ratings, issuers, regulators.

Appendix D: Other Ratings Considerations

Below is a summary of additional ratings considerations that are part of Fitch's ratings criteria.

Group IFS Rating Approach

Not applicable.

Notching

For notching purposes, Fitch views the regulatory environment of the key group members: Barbados, Jamaica and Trinidad as being Limited in Scope, and classified as Other under its notching criteria. Although SFCL was redomiciled in Bermuda, which we view as having Group Solvency regulation, resources assigned to SFCL remain limited, relative to the assets of the consolidated group.

Notching Summary
Holding Company IDR
The IDR of the holding company was notched one below the implied IDR of the operating companies, consistent with notching criteria for a non-investment-grade company in a regulatory environment classified as Other.
Holding Company Debt
A baseline recovery assumption of Below Average was applied to the senior unsecured debt. Standard notching relative to the IDR was used.
IDR – Issuer Default Rating.

Short-Term Ratings

Not Applicable.

Hybrid – Equity/Debt Treatment

Not Applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

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