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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of Sagicor Financial Corporation and Its Subsidiaries

OLDWICK, N.J., August 20, 2014—A.M. Best has affirmed the financial strength ratings (FSR) of A- (Excellent) and the issuer credit ratings (ICR) of “a-” of **Sagicor Life Inc.** and **Sagicor Capital Life Insurance Company Limited** (both domiciled in St. Michael, Barbados).

A.M. Best has also affirmed the FSR of A- (Excellent) and the ICR of “a-” of **Sagicor General Insurance Inc.** (Sagicor General) (Bridgetown, Barbados), as well as the FSR of B+ (Good) and the ICR of “bbb-” of **Sagicor Life Jamaica Limited (SLJ)** (Kingston, Jamaica). The outlook for all ratings is stable.

In addition, A.M. Best has revised the outlook to stable from negative and affirmed the FSR of A- (Excellent) and the ICR of “a-” of **Sagicor Life Insurance Company** (Sagicor Life USA) (Austin, TX).

Concurrently, A.M. Best has affirmed the ICR of “bbb-” and the debt rating of “bbb” on USD 150 million, 7.5% senior unsecured notes, due 2016 of the ultimate parent, **Sagicor Financial Corporation** (SFC) (Barbados). The outlook for these ratings is stable. SFC is publicly traded on the Barbados, Trinidad, and London Stock Exchanges.

The rating affirmations reflect the organization’s adequate capitalization, consistent earnings in its core life insurance segments and strong brand recognition in the Caribbean marketplace. The



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organization's consolidated earnings performance, excluding losses from its discontinued lines of business at its European operations (which have been sold), have been consistently positive. Given SFC's diversified geographical reach and product offerings, it enjoys a strong competitive market position throughout the Caribbean region. Supported by profitable operations, SFC's risk-adjusted capitalization remains adequate, including its business risk exposures in its Jamaican operations.

Offsetting rating factors include SFC's significant business and financial exposure to the Jamaican economy through its controlling interest in SLJ and emerging country risks in Barbados. While A.M. Best believes such exposures are partially mitigated by the sustained favorable performance of SFC's Jamaican operations, somewhat stabilized financial condition in Jamaica and geographic diversification in the Caribbean region, further deterioration in Jamaica or Barbados' financial condition could potentially stress SFC's overall operating results. Additionally, SFC faces ongoing challenges to sustain earnings and premium growth from its core mature Caribbean life/health insurance marketplace.

The outlooks for the ratings of Sagicor Life USA were changed from negative to stable due to its improved statutory operating performance in both the life and annuity lines of business. Although annuity growth has pressured historical earnings, Sagicor Life USA entered into a reinsurance agreement and lowered production in order to reduce the capital strain associated with its annuity business growth. In addition, the company continues to maintain an adequate level of risk-adjusted capital, mainly from parental support rather than organic growth in surplus. However, given that historical support was mainly in the form of internal surplus notes, surplus notes constitute more than half of its capital and surplus position.

Sagicor General is among the largest property/casualty insurers in Barbados and has a significant presence in Trinidad and Tobago, Dominica, St. Lucia and Antigua. Sagicor General has continued to



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produce positive overall operating results, which are derived from its sound underwriting performance in conjunction with a steady stream of investment income. The company also benefits from the synergies derived as a subsidiary of SFC.

The enterprise's overall leverage position is within A.M. Best's expectations for its current rating level. In addition, diversified sources of cash and profitable operations provide adequate coverage to service its debt obligations.

While positive rating movement is unlikely over the near to medium term, factors that could lead to negative rating actions include a decline in SFC's earnings and capital, erosion in the economic conditions in the countries in which SFC operates, particularly Jamaica and/or Barbados, or further deterioration in the credit quality of SFC's asset portfolio.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

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