

Sagicor Financial Corporation

A.M. Best statement

As we stated in our Chairman's report on our half year results for 2009, Sagicor, as an insurance company operating in the Caribbean, is required by law to invest substantially in the bonds and other instruments issued by the Governments of the countries in which we operate. This is not unexpected, as the funds available for investment are seen as part of the national savings which should be available to fund the economic development of the country. However, this naturally exposes our Group to the vagaries of the economic performances of these countries. We continue to address this business risk through expansion and geographic diversification.

On the heels of the latest A.M. Best ratings of Sagicor Financial Corporation (SFC) and its Caribbean Life Insurance subsidiaries, Sagicor Life Inc (SLI), Sagicor Capital Life Insurance Company Limited (Sagicor Capital) and Sagicor Life Jamaica (SLJ), the Sagicor Group reaffirms its support to our Jamaican operations and the recovering Jamaican economy.

A.M. Best recently downgraded the financial strength ratings of Sagicor Life Inc and Sagicor Capital from A (Excellent) to A- (Excellent) and SLJ from A (Excellent) to B++ (Good). A.M. Best also downgraded the issuer credit rating of the USD 150 million, 7.5% 2016 senior unsecured notes issued by SFC to "bbb-" from "bbb" and debt rating to "bbb" from "bbb+". The Rating Agency cited 'continued significant revenue, asset and earnings exposure to the Jamaican economy' as the reasons for these rating changes. In its release, A.M. Best acknowledged the continued positive performance by SFC in terms of consolidated earnings, risk-adjusted capitalization, name recognition and access to additional capital sources. It noted however that, "Despite the recently implemented debt exchange program by the Jamaican government to defuse the potential default risk underlying the government bonds, A.M. Best believes that the risk of Jamaican exposure will continue to linger going forward and may stress SFC's financial results and risk-adjusted capitalization."

"This assessment does not seem to reflect the recent improvements in the economy following the debt exchange programme," said Richard Byles, President and CEO of SLJ. Mr. Byles pointed to the recent IMF test, which Jamaica passed with what the IMF described as relative ease. He noted, "There are positive signs all around that give us the confidence to support the current fiscal policies. We recognize that the Government has taken some tough decisions, for example, the recent divestment of Air Jamaica and privatization of the Sugar Industry. These are part of the critical actions that are required to move the economy forward." Byles also noted that despite the dramatic adjustments that have taken place in the country, SLJ has continued to perform well. "The company recorded strong 1st Quarter results and I expect to report on a good 2nd Quarter in the next week or two," he added.

This year SFC, the Barbados-based regional financial institution, commemorates its 170-year heritage of service to the Caribbean region. Dodridge Miller, Group President and CEO, echoed Richard Byles' sentiments. "There is no doubt that Jamaica faces challenges. We've seen the economy tested in recent months, and the resilience of the Jamaican people. However, we believe that the correct remedies are being pursued, and from all indicators, Jamaica is on the right track. Interest rates are trending down, the Jamaican dollar is holding firm, and multilateral agencies have endorsed the fiscal policies." He underscored the Group's support for Jamaica, the largest of the Caricom islands, and expressed the view that, in due course, the Rating Agency will adjust its perspective of the Jamaican economy as the recent economic and social shocks are absorbed.

We at Sagicor expect the region to have challenges from time to time, especially when impacted by world economic conditions. However we remain committed to the development of the communities in which we operate, while delivering competitive returns to our stakeholders. We are also committed to the

orderly development of our international operations, particularly in the USA and the UK, and we believe that this strategy will be to the long-term benefit of all of our stakeholders.

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About Sagicor

Sagicor is a leading provider of financial services in the Caribbean, UK, USA and Latin America, with operations in 22 territories and with total assets in excess of US\$4.5 billion. The Sagicor Group offers a wide range of products and services including life insurance, annuities and group and individual health and has a policyholder base of approximately 600,000. Sagicor is a widely-held publicly-traded company with approximately 38,000 shareholders and is listed on the stock exchanges of Barbados, Trinidad and Tobago and the United Kingdom.

Additional information about Sagicor can be obtained by visiting www.sagicor.com