FitchRatings

Insurance
Life Insurers
United States

Western & Southern Financial Group, Inc.

Key Rating Drivers

Extremely Strong Capitalization: Western & Southern Financial Group, Inc.'s (W&SFG) insurance subsidiaries remain extremely strongly capitalized, and Fitch Ratings' view of capitalization is a key driver of the rating. The company's capital quality is above average relative to similarly rated peers, due to its low leverage metrics, absence of captives and no utilization of third-party reinsurance. The company's exceptionally strong capitalization is supported by a Prism capital model score of 'Extremely Strong' at year-end (YE) 2023.

Favorable Company Profile: W&SFG's company profile is favorable relative to the broader North American life insurance industry, driven by its favorable business risk profile and operating scale. W&SFG's company profile continues to reflect its lower-risk products and improving market position across its core product offerings.

In 2023, W&SFG's sales of interest-sensitive annuities, primarily fixed-rate deferred, remained elevated due to favourable market conditions. Additionally, the company's Gerber Life direct-to-consumer (DTC) sales continued to grow materially, helping to diversify W&SFG's liability profile.

Stable Earnings: W&SFG's financial performance improved in 2023 due to strong sales growth across product lines. Fitch considers the company's performance to be moderate and relatively stable. W&SFG's earnings are driven by a moderate exposure to interest-sensitive liabilities, offset by strong results in the life and asset management segment.

Surplus Exposure to Equity Securities: Fitch considers W&SFG's surplus exposure to equity securities to be above average relative to the industry. However, Fitch believes the company's overall asset risk is in line with its highly rated peers. W&SFG's investments are primarily comprised of U.S. investment-grade corporates, with a moderately overweight exposure to commercial mortgage loans. W&SFG's equity exposure is primarily used to back its excess surplus and has posted above-average returns since inception.

Asset/Liability Management: Asset/liability and liquidity management are very strong. Cash flow testing results demonstrate significantly positive reserve margins across all scenarios and major product lines. The duration mismatch remains consistent with the rating category. Disintermediation risk is considered modest given a conservative liability profile, and the company's recent annuity sales are well matched, which mitigates the risk associated with a shock-lapse scenario.

Narrowed Notching: Fitch maintains narrower notching between W&SFG's holding company Issuer-Default Rating (IDR) and its operating subsidiaries' insurer financial strength (IFS) ratings. This primarily reflects the company's ample holding company liquidity and moderate financial leverage.

W&SFG has over $500 million in holding company liquidity, sufficient to cover principal repayment of its senior unsecured notes. Maintaining this liquidity is key to the current narrower notching of the IDR. This approach allows W&SFG's senior debt to be rated two notches below the company's IFS ratings, compared with the typical three notches, based on Fitch's criteria.

Ratings

Western & Southern Financial Group, Inc.

Long-Term IDR	AA-
Subsidiaries	
Insurer Financial Strength	AA

Note: See additional ratings on page 10.

Outlook

Long-Term IDR	Stable

Debt Ratings

Senior Unsecured Long-Term Rating	A+

Financial Data

Western & Southern Financial Group, Inc.

($ Mil.)	2022	2023
Total Revenue	5,546	7,482
Net Income	59	754
Realized Investment Gains/Losses	-633	283
Total Capital	9,031	10,939
RBC Ratio (%)	416	435

Note: All figures reported on GAAP accounting basis, except for RBC Ratio.
Source: Fitch Ratings, W&SFG

Applicable Criteria

Insurance Rating Criteria (March 2024)

Related Research

Global Insurance Mid-Year Outlook 2024 (June 2024)

Analysts

Douglas Baker
+1 312 368 3207
douglas.baker@fitchratings.com

Zachary Shutts
+1 312 368 2098
zachary.shutts@fitchratings.com

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A shift in the business profile that would lead to a departure from the company's conservative risk profile through a more pronounced shift to interest-sensitive annuity offerings or other products outside of the company's core competencies;
- Sustained deterioration in the company's capitalization metrics through a reported consolidated risk-based capital (RBC) ratio consistently below 400% and a Prism capital model score below 'Extremely Strong'.

Factors that Could Result in a Widening of the Holding Company Ratings

- Holding company liquid assets below 75% of holding company debt obligations and sustained financial leverage above 15%.

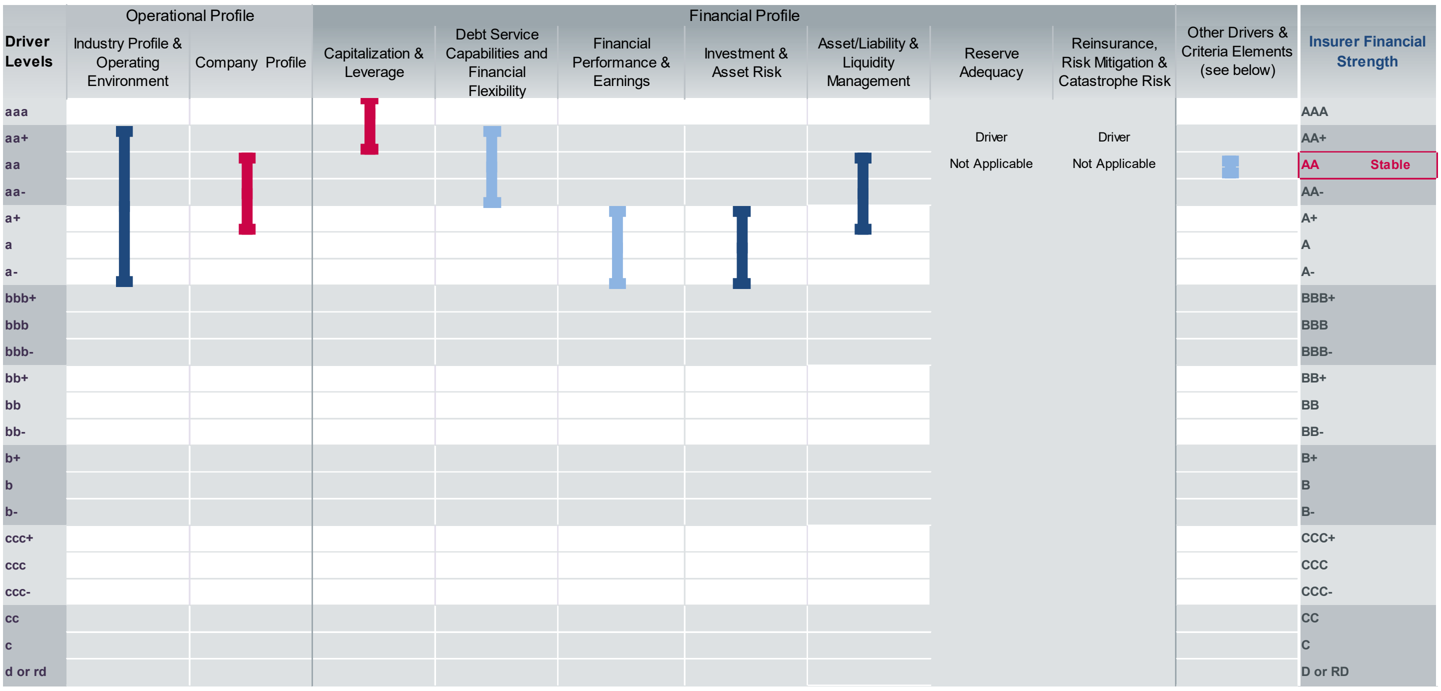
Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Improvement in the business profile score to 'aa' level, which may include an increase in operating scale, maintaining a top-tier competitive position in the company's core life insurance segments and lower relative exposure to interest-sensitive liabilities;
- The continued maintenance of extremely strong capitalization metrics, as measured by an RBC ratio consistently in excess of 450%; an 'Extremely Strong' Prism capital model outcome; and a financial leverage ratio below 10%.

Latest Developments

Fitch's view of investment and asset risk improved since the last rating action, reflecting our view that the company's above average exposure to equity markets is unlikely to drive a material decline in operating company capital.

Key Rating Drivers - Scoring Summary



Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				AA
Non-Insurance Attributes	Positive	Neutral	Negative	+0
Ownership / Group Support	Positive	Neutral	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	No	AAA	+0
Insurer Financial Strength Rating			Final:	AA
IFS Recovery Assumption	Good			-1
Issuer Default Rating (IDR)			Final:	AA-

Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
■ Higher Importance	⇩ Negative
■ Average Importance	⇳ Evolving
■ Lower Importance	□ Stable

Company Profile

Favorable Market Position, Well-Diversified

Fitch views W&SFG's company profile as favorable relative to the broader North American life insurance industry, driven by its favorable business risk profile and operating scale. W&SFG's company profile continues to reflect its lower-risk products, well-established market positions within certain niche segments and diverse multichannel distribution.

The acquisition of Gerber Life bolstered the company's protection-based businesses and enhances W&SFG's competitive position in the middle market. Additionally, the company has continued to increase its fee-based business through its asset management segment, which contributed to a more diversified earnings mix.

A significant strength of W&SFG's business profile is its well-diversified approach to distribution, spanning career agents, DTC, independent agents, banks, broker-dealers and investment advisory channels. Each channel maintains product expertise specific to their market subsegments, increasing efficiencies and cross-selling opportunities. Gerber Life's leading DTC model continues to be an important sales channel for W&SFG. The company has also materially increased its annuity sales through its full service national broker dealer channel which includes the company's relationship with Fidelity Investments.

Fitch expects W&SFG to continue growing its DTC products and maintain a relatively balanced liability profile, emphasizing more stable protection-based offerings over the long term. W&SFG's sales of interest-sensitive annuities, primarily fixed-rate deferred products, were robust in 2023 and 1H24. Although the annuity block of business is well matched from an asset/liability perspective, the increase in sales modestly offset some of the company's diversification. Favorably, W&SFG remains focused on lower-risk products, with no exposure to long-term care or variable annuities with guaranteed living benefits.

Corporate Governance and Management

Fitch views W&SFG's corporate governance and management as neutral to the rating and, as such, makes no adjustments to the company's business profile subscore when reviewing the overall company profile. nine of the 10 directors on the board are considered independent.

W&SFG reports consolidated annual financial results under U.S. Generally Accepted Accounting Principles (GAAP), audited annually by Ernst & Young, LLP. Its insurance operating subsidiaries report results under statutory accounting principles permitted or prescribed by their respective states of domicile. Additionally, there are no known civil or legal matters that would affect Fitch's view of corporate governance and management.

Company Profile Scoring Summary

	Assessment	Subscore/ Impact
Business Profile Assessment	Favorable	aa–
Corporate Governance Assessment	Neutral	0 notches
Company Profile Factor Score	—	aa–

Source: Fitch Ratings

Ownership

Fitch views the ownership structure of mutual insurance companies to be neutral from a ratings perspective. While Fitch believes mutual ownership allows management to hold more conservative levels of capital and pursue a conservative operating strategy with a longer-term focus on growth, mutual insurance organizations have more limited access to capital markets compared to stock-owned companies.

Capitalization and Leverage

Extremely Strong Capitalization a Key Rating Driver

W&SFG's exceptionally strong capital position remains a key driver of the company's ratings. Fitch considers W&SFG's consolidated statutory capitalization to be extremely strong on both an absolute and risk-adjusted basis. This assessment is supported by W&SFG's Prism capital model score of 'Extremely Strong' and high RBC ratio.

W&SFG's low operating and asset leverage metrics relative to the life insurance industry and peers support Fitch's extremely strong view of its capital. The company's total adjusted capital (TAC) increased approximately 1% through 2Q24 from YE 2023, driven by continued robust sales of the companies fixed annuities.

Fitch considers the quality of W&SFG's capital to be in line with other highly rated mutual peers, due to a lack of affiliated captive reinsurance structures and limited use of third-party reinsurance. The company's ratio of surplus notes relative to TAC, of approximately 11% as of 2Q24, is similar to other highly rated mutual peers and has declined modestly year-over-year. Fitch considers W&SFG's financial leverage, including surplus notes and the company's senior unsecured, note as consistent with Fitch's 'aa' rating median guidelines.

Financial Highlights

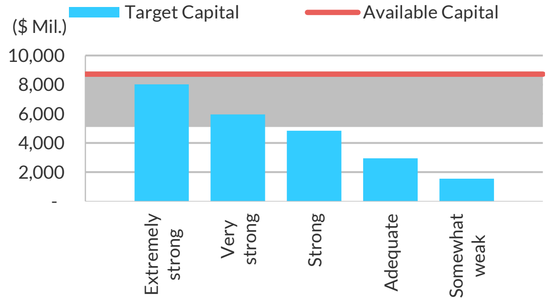
	2022	2023
Total Adjusted Capital ($ Mil.)	8,460	8,863
RBC Ratio (%)	416	435
Operating Leverage (x)	6	7
Asset Leverage (x)	8	8
Financial Leverage (%)[a]	11	11

[a] Calculated as debt to total capitalization on a GAAP basis.
Note: Reported on statutory accounting principles.
Source: Fitch Ratings, W&SFG

Fitch's Expectations

- W&SFG's RBC ratio is expected to remain above 400%, and the Prism score is expected to remain 'Extremely Strong'.
- Financial leverage is expected to remain below 15% over the intermediate term.

2023 Prism Score — Western & Southern



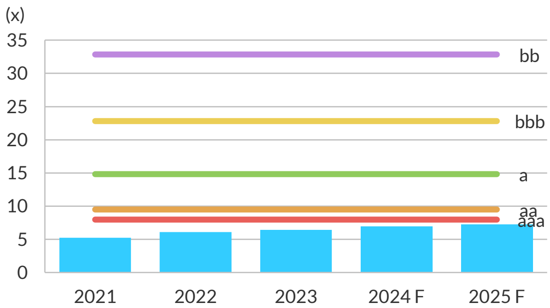
AC – Available capital. TC – Target capital. Note: Shaded area represents the high and low of AC due primarily to unrealized gain/(loss) on fixed-income securities.
Source: Fitch Ratings.

Financial Highlights

(%)	2023
Prism Score	Extremely Strong
AC/TC at Prism Score	109
Target Capital Contributors	
Life Insurance	17
Annuity	57
Accident and Health	1
Portfolio Scaling Adjustment	23
Operational Risk	9
Diversification Benefit	-8

AC – Available capital. TC – Target capital. Note: Shaded area represents the high and low of AC due primarily to unrealized gain/(loss) on fixed-income securities.
Source: Fitch Ratings

Capitalization: Operating Leverage (Life)



Source: Fitch Ratings, Company data

Debt Service Capabilities and Financial Flexibility

Very Strong Financial Flexibility

Fitch currently maintains narrower notching between W&SFG's holding company IDR and its operating subsidiaries' IFS ratings, primarily reflecting its ample holding company liquidity and moderate financial leverage. W&SFG maintains plenty holding company liquidity, in excess of $500 million at YE 2023 which Fitch views maintenance of holding company liquidity as key to the narrower notching of the IDR, capable of covering principal repayment of its senior unsecured notes.

Fitch considers W&SFG's debt service capabilities more than sufficient given the company's strong statutory earnings in 2023 and holding company assets. W&SFG's fixed-charge coverage ratio, excluding surplus note interest expense, was 21x in 2023, supporting very strong debt service capabilities at the holding company level. The company's total GAAP-based fixed-charge coverage ratio, including surplus note interest expense, was 10.5x, at YE 2023, an improvement from 8.4x at YE 2022 and consistent with Fitch's guidelines for the 'aa' category. Statutory interest coverage of 9.6x for 2023 remained within 'aa' level rating expectations. W&SFG's statutory dividend capacity for 2024 was $749 million, compared with $735 million in 2023.

Financial Highlights

	2022	2023
Adjusted Interest Expense ($ Mil.)	73	73
GAAP Fixed-Charge Coverage (x)	8	10
Statutory Cash Flow Coverage (x)	9	10

Note: GAAP interest coverage consists of pretax income, excluding all realized gains and losses, plus interest expense, divided by interest expense. Statutory cash flow coverage is maximum dividend capacity divided by interest expense. Both of these metrics are based on holding company financial and debt service capabilities.
Source: Fitch Ratings, W&SFG

Financial Performance and Earnings

Moderate Earnings, Diversified Sources

Fitch considers W&SFG's financial performance to be moderate and relatively stable from a historical perspective, driven by the company's modest exposure to equity market-sensitive liabilities and other higher-risk product lines. W&SFG's financial performance is partially suppressed by extremely strong capital levels at both the operating and holding companies, the retention of redundant life reserves and, to a lesser extent, dividends paid to policyholders. An increasing portion of earnings is expected to come from W&SFG's asset management business, which Fitch considers a positive, although market volatility may affect total assets under management and fee income.

GAAP net income improved substantially in 2023 from 2022, driven primarily by strong sales in both traditional protection products and annuities, as well as broader macroeconomic tailwinds for the life insurance industry. W&SFG's sales remained strong through 1H24, benefiting from continued strong individual fixed annuity sales, consistent with industry trends in response to the current higher interest rate environment.

W&SFG's historic earnings mix has been focused on spread-based business due to strong growth in the company's annuity product offerings. The company's earning mix continues to shift, reflecting robust sales of interest-sensitive annuity products through its relationship with Fidelity Investments. Earnings concentration remains a concern for Fitch, as it leaves the company more susceptible to interest rate and market-related risks. However, W&SFG's protection-based business, led by Gerber Life, and the asset management business, have grown in size and scale, contributing to a more balanced earnings profile.

Financial Highlights

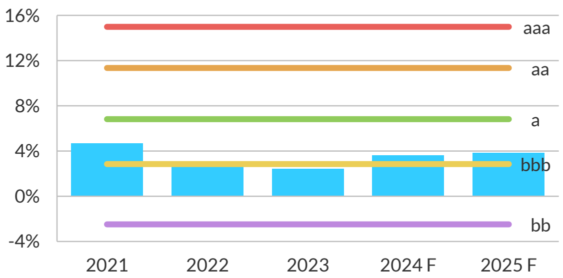
($ Mil.)	2022	2023
Pretax Operating Income	540	694
Net Income	59	754
Pretax Operating ROA (%)	0.8	1.0
ROE (%)	0.5	6.3

Note: Reported on a GAAP basis.
Source: Fitch Ratings, W&SFG

Fitch's Expectations

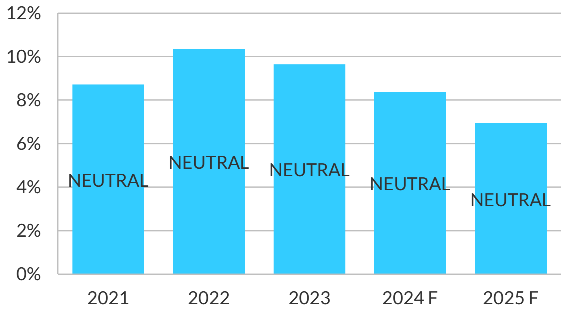
- The company is expected to consistently report a GAAP ROE in excess of 5.0% over the near term.

Performance: Return on Total Adjusted Capital (Life)



Source: Fitch Ratings, Company data

Growth: Change in Invested Assets (Life)



Source: Fitch Ratings, Company data

Investment and Asset Risk

Surplus Exposure to Equity Securities

Fitch considers W&SFG's surplus exposure to equity securities to be above average relative to the industry, but the company's aggregate exposure to riskier assets is in line with highly rated mutual peers. The company's investment portfolio is considered less opaque than many industry peers with higher allocation to private and alternative asset classes. W&SFG's investments consist primarily of U.S. investment-grade corporates, with a moderately overweight exposure to commercial mortgage loans. W&SFG also maintains a higher equity component relative to the industry, which is primarily used to support its excess surplus and posted above-average returns over the years.

W&SFG's asset allocation remains driven by the company's mutual operating model, which utilizes assets as investment capital to fund new product initiatives or future growth. The company' allocation strategy aims to diversify the company's investment earnings mix and generate capital during times of economic stress. As of 2Q24, W&SFG reported approximately 4% of its invested asset base was allocated to equity securities.

Financial Highlights

	2022	2023
Cash and Invested Assets ($ Mil.)	57,595	62,984
Below-Investment-Grade Bonds/TAC (%)	43	35
Unaffiliated Common Stock and Below-Investment-Grade Preferred Stock/TAC (%)	30	25
Risky Asset Ratio (%)	118	116
Net Investment Yield (%)	4.1	4.7

TAC – Total adjusted capital. Note: Risky asset ratio is the sum of below-investment-grade bonds, unaffiliated common stock, lower quality real estate and schedule BA assets, divided by TAC.
Note: Reported on a statutory basis.
Source: Fitch Ratings, W&SFG

Asset/Liability and Liquidity Management

Sophisticated and Defensive Approach to ALM

Fitch considers W&SFG's product liability profile to be lower-risk relative to the industry, with minimal exposure to capital market-sensitive products, such as variable annuities with guaranteed living benefits and universal life insurance policies with no-lapse guarantees. Fitch considers W&SFG's asset/liability management (ALM) approach to be strong and sophisticated. The company manages its balance sheet exposures through a proprietary risk management framework that focuses on downside protections of key risks. This approach combines shock scenario analysis, stress testing and liability crediting rate management to minimize potential ALM-related mismatches.

W&SFG focuses its ALM practices in this manner due to its heightened exposure to disintermediation risk in a rapidly rising interest rate environment. This risk surrounds the company's fixed annuity portfolio, of which approximately 19% remained outside of its surrender charge period as of 2Q24. However, the company's extremely strong liquidity and ample sources of contingent capital offset these concerns, in addition to sound ALM practices.

Fitch's view of W&SFG's ALM practices is also informed by the company's strong cash flow testing results as of YE 2023, which showed positive stable margins across all scenarios.

Financial Highlights

	2022	2023
Adjusted Liabilities and Deposits ($ Mil.)	56,328	62,335
Risk-Weighted Liquidity Ratio (%)	164	169
Operating Cash Flow Coverage (x)	1.9	1.6
Public Bonds/Total Bonds (%)	51	48

Note: Reported on a statutory basis
Source: Fitch Ratings, W&SFG

Fitch's Expectations

- W&SFG is expected to continue to apply strong ALM practices to focus on downside shock scenarios, including a rapidly rising interest rate scenario.

Appendix A: Peer Analysis

Peer Comparison

Click here for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarizes the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's Insurance Rating Criteria.

Group Insurance Financial Strength (IFS) Rating Approach

W&SFG's operating subsidiaries, including The Western & Southern Life Insurance Co.; Western & Southern Life Assurance Co.; National Integrity Life Insurance Co.; Lafayette Life Insurance Co.; Columbus Life Insurance Co.; and Integrity Life Insurance Co., are all considered Core in our group ratings methodology assessment. Although these subsidiaries do not utilize common branding or names, they all align with W&SFG's product and market diversification strategies. Each respective brand carries intrinsic value that remains important to each of W&SFG's target markets. In addition, these organizations under the W&SFG group all share common management, administrative and operating resources.

Rated Insurance Entities

Company	Type	Rating
Columbus Life Insurance Company	Insurer Financial Strength	AA
Western-Southern Life Assurance Company	Insurer Financial Strength	AA
National Integrity Life Insurance Company	Insurer Financial Strength	AA
Integrity Life Insurance Company	Insurer Financial Strength	AA
The Lafayette Life Insurance Company	Insurer Financial Strength	AA
The Western and Southern Life Insurance Company	Insurer Financial Strength	AA
	Issuer Default Rating	AA–
	Subordinated (Surplus Notes)	A+

Source: Fitch Ratings

Notching

For notching purposes, the regulatory environment of U.S. is assessed by Fitch as being Effective, and classified as following a Ring-Fenced approach.

Notching Summary

IFS Ratings
A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the operating company IDR.
Holding Company IDR
Exceptional notching for a ring-fenced regulatory environment was applied between the insurance operating company and holding company IDRs due to low financial leverage, very strong interest coverage metrics and ample holding company liquidity. Notching was adjusted by one relative to standard notching.
Holding Company Debt
A baseline recovery assumption of Below Average nonperformance risk of Minimal was applied to W&SFG's senior unsecured notes. Standard notching relative to the IDR was used.
Hybrids
For surplus notes issued by W&SFG, a baseline recovery assumption of Below Average and a nonperformance risk assessment of Minimal were used. Notching of 1 was applied relative to the IDR, which was based on 1 for recovery and 0 for nonperformance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.

Source: Fitch Ratings

Debt Maturities

($ Mil., as of June 30, 2024)

2024	—
2025	—
2026	—
2027	—
2028 and Later	1,500
Total	**1,500**

Source: Fitch Ratings, S&P Global Market Intelligence

Short-Term Ratings

Not applicable.

Hybrid - Equity/Debt Treatment

Per the table below, both of the company's subordinated debt issues are included in Fitch's calculation of financial leverage.

Hybrids Treatment

Hybrid	Amount ($ Mil.)	CAR Fitch (%)	CAR Regulatory Override (%)	FLR Debt (%)
The Western & Southern Life Insurance Co.				
5.15% Surplus Notes Due 2069	500	0	100	100
3.75% Surplus Notes Due 2061	500	0	100	100

CAR – Capitalization ratio. FLR – Financial leverage ratio. Note: CAR % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override. FLR % shows portion of hybrid value included as debt in numerator of leverage ratio.
Source: Fitch Ratings

Recovery Analysis and Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

About Fitch Forecasts

The forecasts shown in the main body of this report reflect Fitch's forward views from a credit perspective. They are based on a combination of Fitch's macroeconomic forecasts and viewpoints, outlook at the sector level and company-specific considerations developed by Fitch. As a result, Fitch's forecasts may differ, at times materially, from earnings and other guidance provided by a rated entity to the market. To the extent Fitch is aware of material, nonpublic information on likely future events, such as a planned recapitalization or M&A activity, Fitch will not reflect these likely future events in its forecasts. This practice is to assure that such material nonpublic information is not inadvertently disclosed. However, as relevant, such information is considered by Fitch as part of the broader ratings process.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings **Western & Southern Financial Group, Inc.**

Insurance Navigator
Life Insurance (US)

Credit-Relevant ESG Derivation

Western & Southern Financial Group, Inc. has 6 ESG potential rating drivers

- Western & Southern Financial Group, Inc. has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk but this has very low impact on the rating.
- Western & Southern Financial Group, Inc. has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

ESG Relevance to Credit Rating

key driver	0	issues	5
driver	0	issues	4
potential driver	6	issues	3
not a rating driver	2	issues	2
	6	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events/natural catastrophes on operations or asset quality; credit concentrations	Financial Performance & Earnings; Investment & Asset Risk	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk	Industry Profile & Operating Environment; Company Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

CREDIT-RELEVANT ESG SCALE
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.