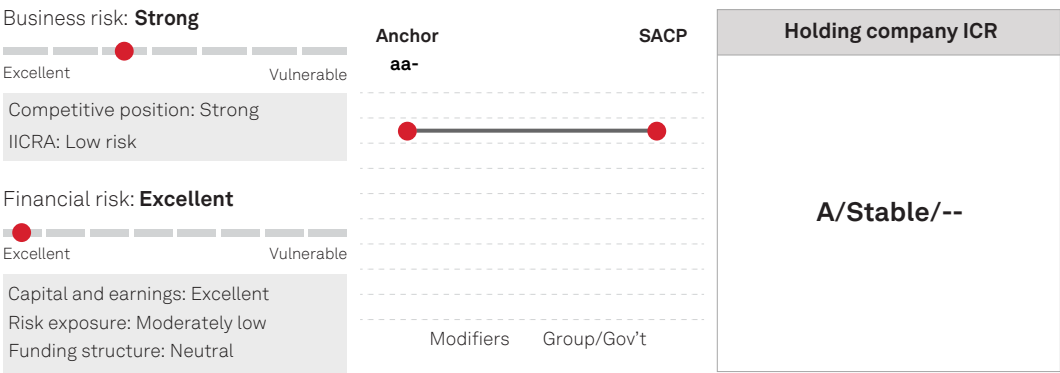


Western & Southern Financial Group Inc.

October 28, 2025

This report does not constitute a rating action.



ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Significant capital redundancy at the 99.99% confidence level, per our risk-based capital model.	Higher-risk investment portfolio than similarly rated public peers.
Stable operating performance.	Macroeconomic uncertainty.
Sophisticated and robust enterprise risk management.	

S&P Global Ratings believes Western & Southern Financial Group Inc. maintains a much larger capital redundancy than its similarly rated public peers. The group had a multi-billion-dollar capital redundancy at the 99.99% confidence level, per our year-end 2024 risk-based capital (RBC) model, and we expect it will maintain a comfortable redundancy at that confidence level through the next two years.

Like many mutual insurers, Western & Southern has a higher-risk investment portfolio than similarly rated public life insurance peers. Its \$72 billion investment portfolio consists of corporate securities (39%), securitized assets (26%), commercial mortgage loans (12%), equity securities, trading securities, and other smaller investments. Although its allocations to securitized assets and commercial mortgage loans are higher than some public peers', its holdings in these classes are high quality--over 95% of the commercial mortgage-backed security

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and collateralized loan obligations portfolios are rated 1 (lowest risk) by the National Association of Insurance Commissioners. We view the company's stable investment performance through recent market turmoil as evidence of its prudent enterprise risk management.

Diverse product offerings, distribution channels, and brands enable Western & Southern to pivot and focus on its most profitable products to achieve strong, stable operating performance. Although Western & Southern has a multichannel distribution system of career agents, independent agents, and direct-to-consumer marketers, its partnership with Fidelity has had high growth in recent years, as evidenced by record sales of fixed annuities amid favorable market rates. In addition to fixed annuities, Western & Southern offers a variety of insurance products (e.g., whole life and universal life,) and noninsurance products (e.g., mutual funds and 529 college savings plans). This enables the group to reach consumers with incomes ranging from lower middle class to high net worth and leads to inelastic demand and steady profits.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that the group will maintain its strong competitive position and excellent capital and earnings through the next two years.

Downside scenario

We could lower our ratings on Western & Southern over the next 12-24 months if the group's:

- Risk exposure worsens through higher-risk products or investments;
- Operating performance unexpectedly declines or becomes materially volatile; or
- Capitalization declines to a level we expect will remain deficient at the 99.99% confidence level, per our RBC model.

We could downgrade the nonoperating holding company if:

- We lower the ratings on its core operating subsidiaries,
- Ordinary dividend capacity from its regulated subsidiaries declines significantly, or
- We believe the holding company will consistently hold less than roughly 3x its annual holding company debt service in cash and high-quality fixed income on its balance sheet.

Upside scenario

Although unlikely within the next two years, we could raise our ratings on Western & Southern over the long-term if the group successfully executes a transformative strategy, such that we consider it to have broad business diversity, significantly improved market positions, or brand differentiation in line with higher rated peers.

Assumptions

- Real U.S. GDP growth of 2.0% in 2025 and 2.1% in 2026.
- Core Consumer Price Index inflation growth of 3.1% in 2025 and 2026.
- U.S. unemployment rate of 4.2% in 2025 and 4.6% in 2026.
- 10-year Treasury note yield of 4.3% in 2025 and 4.0% in 2026.

Source: [Economic Outlook U.S. Q4 2025: Below-Trend Growth Persists Amid A Swirl of Policy Shifts](#), Sept. 23, 2025

Western & Southern Financial Group Inc.--Key metrics

	2026f	2025f	2024	2023	2022
S&P Global Ratings capital adequacy	99.99%	99.99%	99.99%	99.99%	AAA
Net income	400-550	300-450	875	485	309
EBIT adjusted	450-900	450-900	896	660	407
Return on assets (%)	0.5-1.0	0.5-1.0	1.3	1.1	0.7
Return on capital and surplus (%)	4.5-7.5	4-7	11.5	6.5	4.3
EBITDA fixed-charge coverage (x) (GAAP)	>4	>4	7.9	7.5	8.0
Financial leverage (%) (GAAP)	<20	<20	11	13	16

All based on statutory accounting except where otherwise noted. f--S&P Global Ratings' forecast.

Business Risk Profile

Diverse products, distribution channels, and brands all benefit Western & Southern's competitive position. Increasing sales of life insurance and asset management products are longer-term goals for the management team, but the group has heavily focused on interest-sensitive annuities in recent years amid higher interest rates.

As of year-end 2024, about 26% of insurance premiums came from life and accident & health products, whereas 74% came from annuity products. About 10% of Western & Southern's operating earnings derive from asset management, which bolsters its competitive strength.

Western & Southern sells products under multiple brands. Its insurance brands include Columbus Life, Lafayette Life, Western & Southern Life, Integrity Life, National Integrity Life, and Gerber Life, and its asset management brands include Touchstone Investments and Fort Washington Investment Advisors. While the intentional "house of brands" approach allows the group to reach a variety of customers, it does not lead to a discernible competitive advantage that some competitors enjoy due to more cohesive brand recognition.

The group's diverse portfolio of low-risk products has led to returns on assets that are better than similarly rated peers on a statutory basis and in line with peers on a generally accepted accounting principles (GAAP) basis. The group's three-year average pre-dividend statutory ROA was 1.16%, compared to the 0.2% average for similarly rated peers. In 2024, the group's return on assets was just above 1%, which was in line with the similarly rated peer average.

The risk-sharing features in the group's participating whole life products (about 13% of general account liabilities) could further stabilize its profits amid market turmoil by simply adjusting the dividend rate it pays to policyholders.

Financial Risk Profile

The group benefits from consistent investment yields and prudent management of higher-risk assets compared with publicly rated peers. We expect Western & Southern's organic capital growth will allow it to maintain capital that is redundant at the 99.99% confidence level over the next two years.

The diversity of Western & Southern's investment portfolio supports the group's moderately low risk exposure. Overall, approximately 13% of the group's credit portfolio is speculative-grade, compared with only 1% of its structured portfolio. The group's overall portfolio remains high quality, with a weighted average credit rating of 'A-'.

Despite its mutual status, the group has shown that it can and will issue surplus notes if needed. It can also access other forms of short-term capital relief, including agreements with the Federal Home Loan Banks and reinsurers and a \$500 million credit facility.

We expect financial leverage will remain below 20% and EBITDA fixed-charge coverage well above 4x over the next 24 months, compared with 11% and 8x, respectively, at year-end 2024. Financial leverage mostly consists of surplus notes (\$1 billion outstanding). We grant these intermediate equity credit until 10 years before they mature, since the prudentially regulated Western & Southern Life Insurance Co. issued them. The first of these notes matures in 2049.

Other Credit Considerations

Governance

Western & Southern has seasoned management with proven expertise in operating all the group's major lines of business, as evidenced by consistent growth and profitability. The broader market shift to fixed annuities has proven very profitable for Western & Southern in recent years.

The team maintains its conservative capital management practices, and the sufficiently independent board is clearly risk aware and in close contact with the enterprise risk management team. We believe Western & Southern has a well-embedded risk management culture, in which employees from all levels of the organization interact with the independent risk management team for assistance in risk-aware decision-making. Risks are measured using a variety of granular metrics and models, and reporting is frequent.

Liquidity

In our view, the group's liquidity is exceptional, as reflected in its liquidity ratio that is well over 220% as of year-end 2024, per our calculations. The group has no exposure to confidence-sensitive liabilities, collateral posting risk, or problematic covenants or ratings triggers.

Factors specific to the holding company

Our issuer credit rating on Western & Southern Financial Group Inc., the nonoperating holding company, is two notches lower than our ratings on the group's operating companies. The notching reflects the group's high fixed-charge coverage and the holding company's unconsolidated liquidity position, as well as the strength of the operating companies' aggregate ordinary dividend capacity.

As of year-end 2024, the holding company held about \$635 million of liquid assets to service long-term senior debt of approximately \$500 million. In our view, roughly \$290 million of the holding company's assets are cash (or can be easily converted to cash), and that is more than sufficient to service its interest payments. Although the holding company has access to dividends from different subsidiaries, we consider its regulatory diversification limited because all but two of its operating entities are domiciled in Ohio.

Accounting considerations

Western & Southern timely prepares its financial statements under GAAP and statutory accounting principles. In our analysis, we consider GAAP and statutory statements when examining capital, earnings, and other financial metrics compared with those of peers.

Rating Component Scores

Business Risk Profile	Strong
Competitive position	Strong
IICRA	Low risk
Financial Risk Profile	Excellent
Capital and earnings	Excellent
Risk exposure	Moderately low
Funding structure	Neutral
Anchor	aa-
Modifiers	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Appendix

Ratio/metric	2024	2023
S&P Global Ratings capital adequacy*	99.99%	99.99%
Gross premium written	9,265	10,984
Return on revenue (%)	7.1	4.8
Return on assets (excluding investment gains/losses) (%)	1.2	1.0

Western & Southern Financial Group Inc.

Ratio/metric	2024	2023
Capital and surplus	7,736	7,488
Return on capital and surplus (%)	11.5	6.5
Total invested assets	67,606	62,984
EBIT adjusted	896	660
Net income (attributable to all shareholders)	875	485
Net investment yield (%)	5.5	5.0
Financial leverage including pension deficit as debt (%) (GAAP)	11	13
Financial leverage including pension deficit as debt (ex AOCI) (%) (GAAP)	10	12
EBITDA fixed-charge coverage (x) (GAAP)	7.9	7.5

All based on statutory accounting except where otherwise noted.

Ratings Detail (as of October 28, 2025)*

Western & Southern Financial Group Inc.

Issuer Credit Rating	
Local Currency	A/Stable/--
Senior Unsecured	A

Related Entities

Columbus Life Insurance Co.

Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/--

Integrity Life Insurance Co.

Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/NR

Lafayette Life Insurance Co.

Financial Strength Rating	
Local Currency	AA-/Stable/--

National Integrity Life Insurance Co.

Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/NR

Western and Southern Life Insurance Co.

Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/--

Subordinated	A
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Western-Southern Global Funding

Senior Secured	AA-
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Ratings Detail (as of October 28, 2025)*

Western-Southern Life Assurance Co.	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/--
Domicile	Ohio
*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.	

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