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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of Delaware Life Insurance Company

OLDWICK, N.J., February 24, 2016—A.M. Best has affirmed the financial strength rating of A- (Excellent) and the issuer credit ratings of “a-” of **Delaware Life Insurance Company** (Wilmington, DE) and **Delaware Life Insurance Company of New York** (New York, NY) (collectively referred to as Delaware Life). The outlook for all ratings is stable.

The ratings for Delaware Life reflect the group’s strong risk-adjusted capitalization, a capital support agreement from its owners and stable adjusted operating earnings provided by a large in-force acquired block of life and annuity liabilities in excess of \$34 billion. The ratings also acknowledge the group’s evolving business profile as it begins to grow its annuity business and reinvigorate its distribution channels since its 2013 acquisition. Delaware Life’s operating profile benefits from fee income through its acquired variable annuity and COLI/BOLI separate account business lines, in addition to interest spreads on its fixed annuity blocks. Operating performance continues to benefit from relatively stable investment spreads, favorable, albeit recently declining equity market results and strong persistency within its large acquired block of variable annuity business. Additionally, financial leverage and interest coverage ratios remain within the guidelines for the current ratings with additional access to liquidity.

Partially mitigating rating factors include the challenges of expanding its business profile, high levels of

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interest rate and equity market sensitivity and elevated levels of investment risk when compared to similarly rated companies, along with a portfolio yield that is currently below the industry average. As Delaware Life rebuilds its distribution channels and introduces new products, success will be contingent on executing its business plan in the highly competitive annuity market. In addition, a significant percentage of its liabilities are subject to interest rate and equity market sensitivity, which can impact sales, spreads and fee income, resulting in potential operating volatility.

Delaware Life's general account invested assets are managed by Guggenheim Partners Investment Management, which uses a differentiated investment philosophy by emphasizing holdings in structured securities, schedule BA assets and short term loans, which pose potential liquidity and valuation risk under distressed capital market conditions. Its current portfolio return is below industry averages due to high levels of cash and short term investments held during its business transition period along with exposure to floating rate asset-backed securities at lower coupon yields. While potential credit and liquidity risk exists, these risks are partially offset by access to additional liquidity resources, effective investment underwriting practices and ongoing credit monitoring.

Factors that could lead to a positive rating action are profitable earnings growth, strong but manageable premium growth, and a reduction in higher risk assets along with improving portfolio returns. Factors that could lead to a negative rating action include a material decline in absolute risk-adjusted capitalization due to operating losses, impairments and dividends to shareholders, an increase in riskier asset classes and declining portfolio returns. Additionally, an increase in financial leverage could result in a negative rating action.

This press release relates to rating(s) that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please visit A.M. Best's

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