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Security Benefit Adds An “A” Financial Strength Rating

DBRS Morningstar notes strong financials, an effective brand, and prudent capital positioning

TOPEKA, Kan.—May 13, 2022—Security Benefit, a leader in the U.S. retirement market, today announced that DBRS Morningstar has assigned a Financial Strength Rating of “A” (stable) to Security Benefit Life Insurance Company (SBLIC)* and First Security Benefit Life Insurance & Annuity Company of New York (FSBL). Both are subsidiaries of SBL Holdings, Inc., to which DBRS gave an Issuer Rating of BBB (high), and indirectly of Eldridge.

“We are very proud of our financial strength, and this is additional evidence of that strength,” said Doug Wolff, incoming Chief Executive Officer of Security Benefit. “It underscores all the things that have made us a leader in the retirement industry including consistently strong financial and investment results, smart operations and product innovation, and the dedication of all our associates to delivering effective solutions for financial professionals and their clients.”

Continued strength and stability. SBLIC also has A- ratings from A.M. Best (stable), Fitch (stable) and Standard and Poor’s (negative). The DBRS Morningstar rating reflects Security Benefit’s market position in the U.S. retirement market, strong financial performance, capital position, appropriate leverage, and prudent, hedged guarantees.

DBRS noted that Security Benefit’s earnings performance has been strong, especially throughout the Coronavirus Disease (COVID-19) pandemic, including record earnings in 2021 driven by strong investment performance. Security Benefit maintains a strong risk-based capital ratio and has demonstrated access to external equity and debt capital to fund growth, further supporting the rating.

Despite having numerous competitors, including larger players, DBRS stated that Security Benefit has demonstrated the power of its franchise, producing strong profitability and growth through its distinct distribution strategy and superior investment returns. They also indicated that Security Benefit has positioned itself to benefit from rising interest rates without being substantially exposed to rate declines. Security Benefit’s ability to adjust the sale of new products between fee-based and spread-based products depending on market conditions was another factor in the rating.

DBRS noted that Security Benefit’s strategy highly depends on earning sufficient spread on its assets, including high exposure to structured finance products (which they said can have higher credit risk than traditional high-quality government and corporate bonds) and increasingly alternative assets (mainly private equity). DBRS also noted that lower fixed income and equity markets valuations will likely hinder earnings and that Security Benefit’s funding agreement-backed notes issued in 2021 could create a higher liquidity need than its traditional annuity products as market conditions may not be favorable at renewal periods. However, DBRS noted, Security Benefit maintains an adequate capital buffer and has high quality assets available for its liquidity needs.

“DBRS Morningstar has demonstrated a thorough understanding of our business model which they in turn reflected in this ‘A’ rating,” said Wolff. “Our strategic approach to the retirement industry has always been about helping people face the many challenges that can impact their financial security such as market volatility, rising rates, and even pandemics. All these ratings reinforce that our strategy remains on solid ground and that we are a company that retirement savers can count on.”

About Security Benefit

Security Benefit Corporation (“Security Benefit”), through its subsidiary Security Benefit Life Insurance Company (SBL), a Kansas-based insurance company that has been in business for 130 years, is a leader in the U.S. retirement market. Security Benefit together with its affiliates offers products in a full range of retirement markets and wealth segments for employers and individuals and held \$46.9 billion¹ in assets under management as of December 31, 2021. Security Benefit, an Eldridge business, continues its mission of helping Americans **To and Through Retirement**[®]. Learn more at www.securitybenefit.com and follow us on [LinkedIn](#), [Facebook](#) or [Twitter](#).

About Eldridge

Eldridge invests in businesses across the Insurance, Asset Management, Technology, Mobility, Sports & Gaming, Media & Music, Real Estate, and Consumer landscapes. The firm seeks to build and grow businesses led by proven management teams that have demonstrated leadership and experience to scale an enterprise. Eldridge is headquartered in Greenwich, Connecticut, with additional offices in Beverly Hills, New York, and London. To learn more about Eldridge, please visit www.eldridge.com.

*Ratings reflect the financial strength of the insurer and should not be considered to have any bearing on the investment performance of assets held in any SBLIC separate account. Rating agencies take many factors into account when assigning a financial strength or claims-paying rating to an insurer. For a more complete understanding of the reasons for the ratings assigned to SBLIC, please refer to the ratings assessment. SBLIC is not authorized and does not conduct the business of insurance in the state of New York.

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¹ excludes \$4.9bn of funds withheld assets (includes \$3.2bn of in-force business as of January 1, 2021 and \$1.7bn of business written in 2021) and \$0.3bn of assets held pursuant to the overcollateralization requirements under the reinsurance transaction with SkyRidgeRe Limited.