Press Release - JULY 18, 2019

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AM Best Upgrades Credit Ratings of The Union Labor Life Insurance Company

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AMB#	Company Name
051057	Ullico Inc.
007152	Union Labor Life Insurance Company

CONTACTS:

David Marek	Christopher Sharkey
Financial Analyst	Manager, Public Relations
+1 908 439 2200, ext. 5340	+1 908 439 2200, ext. 5159
david.marek@ambest.com	christopher.sharkey@ambest.com
Michael Adams	Jim Peavy
Senior Financial Analyst	Director, Public Relations
+1 908 439 2200, ext. 5133	+1 908 439 2200, ext. 5644
michael.adams@ambest.com	james.peavy@ambest.com

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AM Best has upgraded the Financial Strength Rating to A- (Excellent) from B++ (Good) and the Long-Term Issuer Credit Rating to “a-” from “bbb+” of The Union Labor Life Insurance Company (ULL). The outlook of these Credit Ratings (ratings) remains stable. ULL is a subsidiary of Ullico Inc., a holding company that offers insurance and financial products and services, with its common stock held by various labor organizations and their related benefit funds. Both companies are domiciled in Silver Spring, MD.

The ratings reflect ULL’s balance sheet strength, which AM Best categorizes as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management.

The rating upgrades reflect ULL’s risk-adjusted capitalization, which AM Best considers to be at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR), and supported by growth in its absolute level of capital and surplus over the past few years. ULL also has improved its cash flow in recent years and been able to reduce balance sheet risk by various means, including reducing its annual pension expense. Additionally, the company maintains a prudent investment allocation, though it produces yields that are lower than the industry average.

ULL has reported favorable trends in profitability over the past several years, with its core medical stop loss business producing good metrics. Additionally, the company benefits from fee income generated by its J for Jobs and other separate accounts, which continue to report increasing assets under management and favorable yields relative to benchmarks. However, AM Best believes that ULL's business profile remains limited as it operates as a niche carrier providing insurance and retirement solutions to its target union and benefit plan consumers. While ULL's core business lines have been performing well, medical stop loss and the fees generated by a separate account historically have been the primary drivers of profitability and growth, exposing the company to a moderate level of concentration risk.

This press release relates to Credit Ratings that have been published on AM 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 see AM Best's Recent Rating Activity web page. For additional information regarding the use and limitations of Credit Rating opinions, please view Understanding Best's Credit Ratings. For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases.

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