

# A.M. Best Upgrades Ratings of Guardian Life and Its Core Subsidiaries

OLDWICK, N.J. November 26 (BestWire) — A.M. Best Co. has upgraded the financial strength ratings (FSR) to A++ (Superior) from A+ (Superior) and the issuer credit ratings (ICR) to “aa+” from “aa” of The Guardian Life Insurance Company of America (Guardian) (New York, NY) and its core subsidiaries, The Guardian Insurance & Annuity Company, Inc. and Berkshire Life Insurance Company of America. A.M. Best also has affirmed the FSRs of A (Excellent) and the ICRs of “a” of Guardian’s three other life subsidiaries. The outlook for these ratings has been revised to stable from positive.

Additionally, A.M. Best has affirmed the FSR of A (Excellent) and the ICR of “a+” for First Commonwealth Insurance Company (Chicago, IL), a Guardian dental subsidiary. The outlook for these ratings is stable. (See below for a detailed list of the ratings.)

The ratings reflect Guardian’s superior capitalization, maintenance of positive earnings trends and the organization’s successful execution of several key strategic initiatives over the past several years. The upgrade also considers the group’s well diversified product portfolio, underpinned by strong positions in its core life, annuity, individual disability, dental and employee benefits markets.

Guardian’s surplus levels have trended positively due largely to solid growth in statutory operating results. A.M. Best believes the organization has made substantial progress in the areas of product development, underwriting, technology, and enterprise risk management, which have positioned Guardian to realize future sales growth and more stable operating results. A.M. Best also believes Guardian’s risk profile has improved with a renewed emphasis on core operations and a more conservative investment posture. For

example, Guardian has fully hedged its common stock exposure, which insulated its statutory surplus against substantial unrealized losses.

Guardian has demonstrated that it is committed to maintaining its mutual status and remains focused on building policyholder value. The group has improved its efforts to maintain, recruit and train its core career agency distribution force and to complement its distribution through other avenues where appropriate. Additionally, A.M. Best notes that Guardian has developed and implemented a comprehensive enterprise risk management strategy, which effectively measures, monitors and reduces insurance, operational and investment risks.

While Guardian is posturing itself for future premium growth, A.M. Best believes the company may continue to be challenged to report substantive premium expansion in its core ordinary life and group benefits lines, given the combination of the tumultuous capital market environment and the competition in these market segments. Additionally, A.M. Best will continue to monitor the consistency of earnings within the accident and health lines of business, which may be exposed to greater potential volatility given the current economic downturn.

The FSRs of A (Excellent) and the ICRs of “a” have been affirmed for the following subsidiaries of The Guardian Life Insurance Company of America:

Family Service Life Insurance Company

Park Avenue Life Insurance Company

Sentinel American Life Insurance Company

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers.