Bermuda Shorts

By Editorial Staff *Sat, Sep 26, 2026*

Marsh to support triangular-strategy companies in Bermuda; Ratings downgrades for two A-CAP annuity issuers; Florida passenger railroad in private credit restructuring.

Marsh to support triangular-strategy companies in Bermuda

Marsh, a global professional services firm, has launched "Archer by Marsh," a service that aims to help asset managers and life/annuity annuity companies establish and operate reinsurance businesses. Clients will be able to use the service's "shared operating infrastructure" while maintaining ownership and control.

According to a release, Archer by Marsh "makes the product, asset, capital, and operating decisions as one simple set, then establishes the vehicle to carry them out. Clients start with what they already have, and Archer by Marsh builds the remaining capabilities to meet the client's objectives.

The service combines actuarial, capital, risk, reinsurance, life and annuity insurance management, and regulatory expertise to design tailored structures. It supports clients through regulatory approval, establishment, and ongoing operation. These structures can include standalone reinsurance vehicles, special purpose reinsurers, and dedicated reinsurance cells or incorporated segregated accounts (cells).

Faisal Haddad, a Bermuda-based member of Oliver Wyman's actuarial practice, has been selected as the CEO of Archer by Marsh, pending receipt of all necessary approvals. Marsh has also formed Mangrove ISAC Life Re, a Bermuda-based incorporated segregated accounts company that facilitates sidecar and affiliate reinsurance solutions. Marsh has annual revenue of $27 billion and more than 95,000 employees.

Ratings downgrades for two A-CAP annuity issuers

Two life insurers in the troubled A-CAP Group, Atlantic Coast Life (SC) and Sentinel Security Life (UT), have had their financial strength and credit ratings downgraded, according to a release from AM Best. The ratings agency also maintained the "under review with negative implications" status for the carriers' credit ratings.

A-CAP, its investment partner, 777 Partners, and an affiliated reinsurer, 777 Re, have been examples of how the conflicts-of-interest and low transparency inherent in the pure Bermuda Triangle strategy can lead to a financial and legal **disaster**.

That strategy involves organizing, in the same group or as strategic partners, one or more life companies that issue single-premium fixed deferred annuities, one or more aggressive asset managers, and one or more reinsurers domiciled in a U.S. state or foreign country more flexible calculation of capital requirements than in the insurers' home state.

Fixed deferred annuities are more like investments than like traditional insurance, especially if they have no attached guaranteed income riders or death benefit riders. They are typically purchased with large lump sums, not with incremental premiums. Their terms typically last for less than 10 years. Contract owners buy them primarily for yield, and don't necessarily use them to produce monthly income over the course of a 20- or 30-year retirement, as buyers of traditional income annuities would.

The life insurers Financial Strength Ratings (FSR) were cut to C+ (Marginal) from B (Fair) and their Long-Term Issuer Credit Ratings (Long-Term ICR) to "b-" (Marginal) from "bb+" (Fair).

The rating downgrades are based on increasing weakness in A-CAP Group's balance sheet strength, its marginal operating performance, limited business profile, marginal enterprise risk management and operating performance during the first half of 2026, an AM Best release said.

Current capital levels and regulatory capital ratios have deteriorated in the first six months of 2026, continuing a trend since 2024. The group has a significant allocation to illiquid assets and equities that are not traditionally associated with insurance company investments.

There is a concentration in individual securities, investments in affiliated assets and concentration in thinly traded Level 3 assets. There is also an elevated level of paid-in-kind assets that continues to increase over time, along with underperforming mortgages.

The group also has concentrated reinsurance leverage. It utilizes a mix of rated and unrated unaffiliated reinsuring counterparties at the rated entities and at captives, as well as an unrated operating company. The risk of the unrated counterparties is mitigated using collateralized reinsurance agreements.

AM Best acknowledges A-CAP Group's pending capital raise but has concerns regarding execution risk. Pretax operating gains have been negative for the A-CAP Group each quarter for the past five quarters. Cash flow from operations has been negative at various operating entities over the same period as outflows from benefit payments periodically have exceeded revenues from investment income and varying levels of net premiums and ceding commissions on a quarter-by-quarter basis.

Surrenders have remained elevated from the first quarter of 2025 through the second quarter of 2026. Surrenders peaked at multiples of historical experience in the first half of 2025 after regulatory filings at year-end 2024. After the dismissal of these regulatory filings, surrenders experienced a downward trend through the first quarter of 2026 but were still elevated compared with levels prior to the aforementioned regulatory filings. The downward trend reversed after AM Best's rating downgrades on A-CAP Group in the first quarter of 2026 but remain below the peak levels experienced in early 2025. Fixed annuity premiums decreased substantially in 2025 after steady growth from 2020 through 2024.

The limited business profile is manifested in reputational damage resulting from publicized regulatory rulings, which have resulted in a material decrease in new premium and material increase in surrenders/outflows.

A-CAP Group's primary focus is the fixed index annuity market, a dynamic and credit sensitive sector with strong long-term prospects. A-CAP Group has been slow to re-establish its brand presence in this competitive landscape.

The marginal ERM assessment reflects A-CAP Group's risk culture, which has led to an elevated risk profile related to its invested assets for which the investment cash inflow does not match the cash outflow of the insurance liabilities, and its highly levered reinsurance relationships.

The ratings of ACAP Group remain under review with negative implications based on the potential of a credible capital raise and corporate restructuring, while also considering the uncertainty associated with the completion of the capital raise and execution risk of the transaction. The under-review status also acknowledges the recent Rehabilitation Petition filed by the South Carolina Department of Insurance against a member of the A-CAP Group, Atlantic Coast Life Insurance Company.

The ratings will remain under review with negative implications while AM Best assesses the development and impact of the potential transaction, as well as the ongoing regulatory

action.

Florida passenger railroad in private credit restructuring

Assured Guaranty Inc. (AG), a provider of "credit enhancement products" to the U.S. and non-U.S. public finance, infrastructure and structured finance markets, has agreed to help restructure a financially off-the-rails private railroad that has been providing high speed passenger service along Florida's busy eastern shore.

AG insures a majority, slightly over 50%, of the existing senior tax-exempt bonds of **Brightline Florida Trains**, the operating company (OpCo) of Brightline Florida Holdings. It owns the majority debt voting position and will exercise its corresponding control rights.

AG has some of the features of a Bermuda Triangle company. Assured Guaranty Inc. is a unit of Assured Guaranty Ltd. It also has an ownership interest in Sound Point Capital Management, LP and in the annuity reinsurance business through Assured Life Reinsurance Ltd.

In connection with the restructuring, which is subject to the bankruptcy court's review and approval, certain Brightline Florida financial stakeholders, including AG, have entered into a restructuring support agreement.

The restructuring support agreement will provide OpCo, following the Brightline Florida entities' exit from bankruptcy, $490 million of new capital, consisting of $350 million of new junior debt and $140 million of additional senior debt.

This additional senior debt will be pari passu with OpCo's existing senior debt. Of the total $490 million of new capital, AG has committed to provide $70 million of the additional OpCo senior debt. This new capital will be used to support Brightline Florida's ongoing operations and help position it for long-term stability and success, in addition to repaying the post-petition financing described below.

Certain Brightline Florida financial stakeholders, including AG, have also agreed to provide OpCo $258 million of post-petition funding during the pendency of Brightline Florida entities' bankruptcy process, which funding will be pari passu with the existing OpCo senior debt. AG has agreed to provide up to $178 million of that funding. This funding will be repaid upon the exit of such Brightline Florida entities from the bankruptcy process.

Brightline Trains Florida LLC (OpCo), the obligor with respect to the tax-exempt senior

bonds insured by AG, has not filed for Chapter 11 protection. The Chapter 11 bankruptcy filings of certain other Brightline Florida entities do not alter any of the payment obligations to such AG-insured OpCo senior bonds.

© 2026 RIJ Publishing LLC.