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# Voya's strength ratings are under review

By Editorial Staff *Thu, Jan 4, 2018*

*In late December, Voya announced that it would sell its closed block variable annuity (CBVA) and individual fixed indexed annuity (FIA) segments to a consortium of investors led by Apollo Global Management, LLC.*

A.M. Best is reviewing the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of "a+" of the key life insurance entities of Voya Financial, Inc., subsequent to Voya's decision to leave the annuity business.

Concurrently, A.M. Best has placed under review with developing implications Voya's Long-Term ICR of "bbb+" as well as its existing Long-Term Issue Credit Ratings (Long-Term IR). (Please see below for a detailed listing of the companies and ratings.)

In late December, Voya announced that it would sell its closed block variable annuity (CBVA) and individual fixed indexed annuity (FIA) segments to a consortium of investors led by Apollo Global Management, LLC. Voya will divest Voya Insurance and Annuity Company (VIAC), the insurance subsidiary that has primarily issued the variable, fixed and fixed indexed annuities to Venerable HoldCo, Inc., a newly formed investment vehicle owned by a consortium of investors. VIAC's variable annuity account value represents approximately $35 billion.

In addition, Voya will sell via reinsurance to Athene Holding Ltd. approximately $19 billion of fixed and indexed annuity policies. The transaction is expected to result in approximately $1.1 billion of value, which includes a $400 million ceding commission paid to Athene Holding Ltd.

These transactions are expected to reduce Voya's earnings volatility. The CBVA segment has been susceptible to earnings volatility and substantial statutory reserve charges due to revisions in policyholder behavior assumptions. While the transaction reduces Voya's shareholder's equity by about $2.3 billion, it also lessens their exposure to policyholder behavior and market volatility. This transaction also changes the business profile of the company, given that 80% of its earnings would be generated from its retirement, investment management and employee benefits businesses.

Voya also will be conducting a strategic review of its individual life business during the first half of 2018. A.M. Best anticipates that Voya's ratings likely will be removed from under review following the close of the transaction, which is expected to occur in second-quarter or third-quarter 2018. The under review with developing implications also is in response to the execution risk associated with the transactions.

The FSR of A (Excellent) and Long-Term ICRs of "a+" have been placed under review with developing implications for the following life insurance subsidiaries of Voya Financial, Inc.:

Voya Insurance and Annuity Company, Voya Retirement Insurance and Annuity Company, ReliaStar Life Insurance Company, ReliaStar Life Insurance Company of New York, and Security Life of Denver Insurance Company

The FSR of A- (Excellent) and the Long-Term ICR of “a-” have been placed under review with developing implications for Midwestern United Life Insurance Company. The following Long-Term IRs have been placed under review with developing implications: Voya Financial, Inc.—

- — “bbb+” on $1.0 billion 2.90% senior unsecured notes, due 2018
- — “bbb+” on $850 million 5.50% senior unsecured notes, due 2022
- — “bbb+” on $400 million 3.125% senior unsecured notes, due 2024
- — “bbb+” on $500 million 3.65% senior unsecured notes, due 2026
- — “bbb+” on $400 million 5.70% senior unsecured notes, due 2043
- — “bbb+” on $300 million 4.80% senior unsecured notes, due 2046
- — “bbb-” on $750 million 5.65% fixed-to-floating junior subordinated notes, due 2053