S&P Global Ratings

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Ameritas Life Insurance Corp.

April 30, 2025

This report does not constitute a rating action.

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Business risk: **Strong**

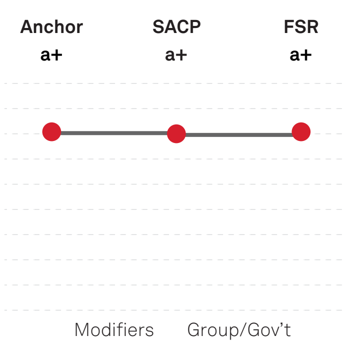
Excellent — Vulnerable

Competitive position: Strong
IICRA: Low risk

Financial risk: **Excellent**

Excellent — Vulnerable

Capital and earnings: Excellent
Risk exposure: Moderately low
Funding structure: Neutral



Financial strength rating
A+/Stable/--

FSR--Financial strength rating. ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Diverse products and services	Diversification provides for stable earnings, though strategy has resulted in recent earnings volatility

Overview

Flexibility in responding to market conditions	Operating performance on par with peers, but low profitability relative to life sector
Excellent capital and earnings driven by capital redundancy at the 99.99% level	Uncertain macroeconomic environment
Exceptional liquidity	

Ameritas Life Insurance Corp. maintains a strong competitive position supported by its diversified products and broad geography. Individual insurance and annuities are a large portion of Ameritas' sales. Its group dental segment, ranking as the fifth largest provider, is also a major contributor to growth. Its operating performance is in line with S&P Global Ratings' base-case expectations.

We anticipate Ameritas' financial risk profile will remain a strength despite potential earnings volatility. Our assessment of Ameritas' capital and earnings as excellent is a key ratings strength, and we expect the company to maintain capital in excess of what we expect for the rating.

Ameritas tends to operate fairly conservatively. This is evident in its moderate financial leverage, relatively simple products, and diverse investments. The company has exceptional liquidity due to its highly liquid asset portfolio.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that Ameritas will maintain its strong competitive position in its core products and excellent financial risk profile. We expect Ameritas will maintain capital redundancy at the 99.99% level over the next two years.

Downside scenario

We could lower our ratings in the next 24 months if, contrary to our expectations:

- Capital adequacy falls below the 99.95% confidence level, according to our capital model, and we expect it to remain there; or
- Ameritas boosts its allocation to what we view as higher-risk assets, indicating an increase in its risk exposure tolerance.

We could also lower our rating if the group's competitive position or operating performance weakens relative to similarly rated peers.

Upside scenario

We are unlikely to raise our ratings in the next 24 months because we do not expect the group's operating performance or market position to outperform our expectations or peers.

Assumptions

- Real U.S. GDP growth of about 1.9% in 2025-2026
- 10-year Treasury yield at about 4.2% in 2025 and 3.6% in 2026
- Average unemployment rate of 4.3% in 2025 and 4.5% in 2026

- Core consumer price index at 2.8% in 2025 and 2.2% in 2026

Source: "Economic Outlook U.S. Q2 2025: Losing Steam Amid Shifting Policies," March 25, 2025

Ameritas Life Insurance Corp.--Key Metrics

	2026f	2025f	2024	2023	2022
S&P Global Ratings capital adequacy	99.99%	99.99%	99.99%	99.99%	99.99%
Net premium written (mil. $)	>4,000	>4,000	4,392	3,962	3,693
Return on capital and surplus (%)	3.0-5.0	3.0-5.0	(1.3)	2.8	5.3
Return on assets (excluding investment gains/losses) (%)	0.1-0.3	0.2-0.4	(0.29)	0.19	0.30
Total invested assets (including affiliated investments)	>18,000	>18,000	18,714	17,517	16,725
Capital and surplus	>1,900	>1,900	1,881	1,925	1,900
Financial leverage including pension deficit as debt (%)	<10	<10	2.8	2.7	7.5
Net investment yield (%)	3.5-4.5	3.5-4.5	4.7	3.9	3.3
f--S&P Global Ratings forecast.					

Business Risk Profile

Ameritas benefits from the stable economic growth prospects, effective and stable political institutions, sophisticated financial system, and strong payment culture in the U.S.

Ameritas has a strong competitive position, supported by a diversified product portfolio across three core business segments:

- Individual (life, annuity, disability income, and wealth management),
- Group (dental and vision), and
- Retirement (Group Annuities, NAV, and Pooled Retirement Plans).

Its individual business and group dental solutions are the primary contributors to operating income. Ameritas markets its individual and retirement products primarily to middle- and upper-income individuals and businesses in all 50 states.

The group seeks to capture shifts in consumer trends. While this strategy provides flexibility, it can limit potential dominance in a particular business segment. Ameritas maintains a top 25 position in indexed annuities--a key source of growth in the individual segment in recent years--as well as a top five ranking in group dental and top 10 in individual disability income. It operates through noncontrolled distribution channels and remains focused on recruiting general agencies and independent advisers, along with expanding through strategic acquisitions and partnerships.

Ameritas manages its product portfolio to address risks associated with the features of its products, including exposure to interest-rate risk, guaranteed death benefits, and guaranteed income benefits. Overall, we expect earnings to remain stable and continue to keep close tabs on any further strategic tuck-in acquisitions the company initiates.

The company's nontraditional InsurTech partnerships and digitization are key areas of development. Partnerships have bolstered the company's access to different consumer profiles. Ameritas' ongoing integration of technology across its segments serves new business and provides for an overall swifter underwriting process automation and enhancing back-office efficiency. In 2021, Ameritas closed an acquisition of a third-party administrator in the fast-growing multiple employer plan space to support its retirement segment. We consider this to be rating neutral because we think they are manageable from an integration perspective, and the company has a proven record of making these type of tuck-in acquisitions.

As for year-end 2024, the company reported a statutory net loss of $25.2 million in comparison to net income of $52.6 million in for 2023. Although lower, the 2024 were largely driven by statutory strain from strong growth in the company's individual new annuities business.

Financial Risk Profile

We view Ameritas' capital and earnings as excellent and redundant at 99.99% based on our capital adequacy model. We expect this to continue, supported by diversified earnings sources. Earnings have remained consistently positive in recent years, moving past the volatility from acquisitions and reinsurance transactions. We forecast earnings growth driven by lower mortality claims and expenses, rising annuity sales supported by higher interest rates, and an increasing contribution from the company's group business. Overall, we believe earnings will improve and contribute to a stable redundancy.

Ameritas has well-diversified investments and limited exposure to high-risk assets. The portfolio includes fixed-income securities and commercial mortgage loans (83% of invested assets combined) and is largely investment grade--the weighted-average rating was 'A-' as of year-end 2024. High-risk assets are approximately 98% of total invested assets. We consider its high-risk assets to total adjusted capital as neutral. Its portfolio has no material concentrations by sector or obligor and no unhedged foreign-exchange risk.

Ameritas has a neutral funding structure, in our view. As a mutual organization, it has a slight disadvantage versus publicly traded peers. The group can raise capital by issuing debt at the holding company level, in addition to surplus notes in its operating companies. The group currently has one $50 million note outstanding due 2026 that it issued in 1996, for which we attribute no equity content since these notes have less than 10 years to maturity.

Ameritas had low financial leverage of less than 10% at year-end 2024, and we expect it to remain low. Ameritas Life Insurance Corp. is a member of the Federal Home Loan Bank (FHLB) of Topeka and has a board-authorized borrowing capacity of $250 million (for liquidity) and $852.6 million in authorized funding agreements with $700 million outstanding as of Dec. 31, 2024. Ameritas also has a $150 million line of credit.

Ameritas Life Insurance Corp. of New York, a member of the FHLB of New York, has a board-authorized borrowing capacity of $20 million (for liquidity) and an additional $30 million in funding agreements. We think Ameritas has more than sufficient resources to support its existing operations and sensible growth. In our view, its excellent capital position and operating prospects give the group ample latitude to fund its strategic initiatives.

Other Credit Considerations

Governance

We regard Ameritas' governance practices as neutral to the rating, reflecting our view of its strategic positioning, financial management, and organizational effectiveness.

Liquidity

We consider Ameritas' liquidity exceptional because of the lack of confidence-sensitive liabilities and contingent collateral-posting exposure.

Rating Component Scores

Business Risk Profile	**Strong**
Competitive position	Strong
IICRA	Low risk
Financial Risk Profile	**Excellent**
Capital and earnings	Excellent
Risk exposure	Moderately low
Funding structure	Neutral
Anchor	**a+**
Modifiers	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	A+/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A+/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Appendix

Ratio/Metric	**2024**	**2023**	**2022**
S&P Global Ratings capital adequacy*	99.99%	99.99%	99.99%
Total invested assets (including affiliated investments)	18,714	17,517	16,725

Gross premiums and annuity considerations	4,714	4,275	3,948
Net premiums and annuity considerations	4,392	3,962	3,693
EBIT	(86)	52	85
Net income (attributable to all shareholders)	(25)	53	102
Capital and surplus	1,881	1,925	1,900
Return on revenue (%)	(1.58)	1.08	1.94
Return on assets (excluding investment gains/losses) (%)	(0.29)	0.19	0.30
Return on capital and surplus (%)	(1.32)	2.75	5.27
EBIT interest coverage (x)	(1,420)	820	1,290
General expense ratio (%)	13.5	14.8	13.4
Financial leverage including pension deficit as debt (%)	2.81	2.74	7.48
Net investment yield (%)	4.73	3.89	3.28

Ratings Detail (as of April 30, 2025)*	
Operating Companies Covered By This Report	
Ameritas Life Insurance Corp.	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Subordinated	A-
Ameritas Life Insurance Corp of New York	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Domicile	Nebraska

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.