

Research Update:

# Savings Bank Mutual Life Insurance Co. of Massachusetts Outlook Revised To Stable From Negative On Stronger Capital

September 14, 2023

## Overview

Savings Bank Mutual Life Insurance Co. of Massachusetts (SBLI) has replenished its 'AAA' capital position.

We revised our outlook on SBLI to stable from negative, and affirmed our 'A-' ratings on the company.

The stable outlook reflects our view that SBLI will maintain 'AAA' level capital adequacy in the next 24 months.

## Rating Action

On Sept. 14, 2023, S&P Global Ratings revised its outlook on [Savings Bank Mutual Life Insurance Co. of Massachusetts](#) (SBLI) to stable from negative. At the same time, we affirmed our 'A-' financial strength and issuer credit ratings on SBLI.

## Rationale

The outlook revision stems from our view that SBLI will maintain 'AAA' level capitalization going forward. Management has taken several action steps such as reducing policyholder dividends, freeing capital from captive redundant reserves, repositioning equity exposure and schedule BA assets, and working with reinsurance partners to de-risk and moderate the previous deterioration of capital. Furthermore, earnings and net premiums have exceeded plan expectations, as SBLI continues to roll out new products and make enhancements to its current term-life product offering.

SBLI's business risk profile, which we view as fair, benefits from strategic partnerships, and the company has expanded its distribution in the middle market. Investment in digital distribution capabilities has fostered new partnerships with third-party distributors to provide simplified issue-term insurance for worksite and retail markets. As a smaller, more nimble organization,

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SBLI can quickly launch new products and offer competitive pricing to a broader customer base. This could help improve the relatively small geographic footprint concentrated in Massachusetts and product concentration in term-life, which we have regarded as limiting factors to the company's competitive position.

## Outlook

The stable outlook reflects our expectation that SBLI will maintain 'AAA' level capitalization, and that management will execute its diversification plans while maintaining underwriting and investment discipline.

## Downside scenario

We could lower our ratings in the next 12-24 months if SBLI's capitalization erodes, we no longer view its captive reinsurance structures as sufficiently isolated from its operating entities, or its geographic and product diversification efforts reverse course, weakening our view of its competitive position.

## Upside scenario

**We are unlikely to raise our ratings in the next 12-24 months given SBLI's product and geographic concentrations.**

## Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- 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
- Criteria | Insurance | General: Methodology For Assessing Capital Charges For Commercial Mortgage Loans Held By U.S. Insurance Companies, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010

## Ratings List

### Ratings Affirmed

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#### Savings Bank Mutual Life Insurance Co. of Massachusetts (The)

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Subordinated

BBB

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**Ratings Affirmed; Outlook Action**

	To	From
<b>Savings Bank Mutual Life Insurance Co. of Massachusetts (The)</b>		
Issuer Credit Rating		
Local Currency	A-/Stable/--	A-/Negative/--
Financial Strength Rating		
Local Currency	A-/Stable/--	A-/Negative/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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