



NEWS RELEASE

AM Best Affirms Credit Ratings of Ameriprise Financial, Inc. and Its Subsidiaries

2019-10-11

OLDWICK, N.J.--(BUSINESS WIRE)-- **AM Best** has affirmed the Financial Strength Rating (FSR) of A+ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of "aa-" of RiverSource Life Insurance Company (Minneapolis, MN) and its wholly owned subsidiary, RiverSource Life Insurance Co. of New York (Albany, NY). These companies represent the key life/health (L/H) insurance subsidiaries of Ameriprise Financial, Inc. (Ameriprise) (headquartered in Minneapolis, MN) [NYSE: AMP] and are collectively known as Ameriprise Financial Group. Concurrently, AM Best has affirmed the FSR of A (Excellent) and the Long-Term ICR of "a+" of Ameriprise Captive Insurance Company (ACIC) (Burlington, VT), a property/casualty subsidiary of Ameriprise. Additionally, AM Best has affirmed the Long-Term ICR of "a-" and the existing Long-Term Issue Credit Ratings (Long-Term IR) of Ameriprise. The outlook of these Credit Ratings (ratings) is stable.

The ratings of Ameriprise Financial Group reflect its balance sheet strength, which AM Best categorizes as very strong, as well as its strong operating performance, favorable business profile and appropriate enterprise risk management (ERM).

The ratings of the L/H companies primarily reflect their very strong risk-adjusted capital position, favorable operating results, effective hedging programs, strong market positions and premier brand recognition. Ameriprise continues to benefit from its strong fee-based business, which has led to favorable operating earnings in recent periods due to mostly favorable equity markets. The company also benefits from market volatility within its advisory business line. The ratings also consider Ameriprise's broad multi-platform network of financial advisers and well-developed ERM program, which continues to improve year-over-year. The company has managed its legacy variable annuity (VA) guarantees through the use of hedges and adoption of SSAP 108 on VA statutory hedge

accounting that better align reported hedge gains (and losses) to changes in reserves. At the holding company level, Ameriprise maintains moderate financial leverage of approximately 33% with solid interest coverage as of second quarter 2019. Both measures are within AM Best's guidelines for Ameriprise's current ratings.

AM Best notes that Ameriprise's earnings remain highly correlated to movements in interest rates and equity markets. More than two-thirds of Ameriprise's admitted assets are in separate accounts that are susceptible to sizable equity market declines due to reduced fee income. Operating margins also are likely to be affected negatively should the current low interest rate environment persist, particularly in the annuity and long-term care insurance lines of business. In addition, Ameriprise likely will continue to experience net outflows in its annuity and asset management businesses; however, this is being offset by its strong fee-based businesses. Although AM Best has concern for potential earnings erosion, this is mitigated by Ameriprise's robust ERM practices that measure its key risks to ensure decisions are made that will enhance its overall business profile and performance.

The ratings of ACIC reflect its balance sheet strength, which AM Best categorizes as very strong, as well as its strong operating performance, limited business profile and appropriate ERM.

ACIC's balance sheet assessment is supported by risk-adjusted capitalization being at the strongest level and a clean balance sheet with no debt, no financial leverage or operating leverage. The credit quality of the company's assets is high, with the entirety of the captive's fixed-income securities being investment grade.

The captive has generated strong operating performance as demonstrated by its five-year average pre-tax return on revenue and equity ratios that compare favorably with the averages for the commercial casualty composite. Additional, ACIC benefits from a very low expense ratio.

AM Best assesses ACIC's business profile as limited due to its narrow market focus as a single parent captive serving just one customer (its parent) for a limited amount of exposure. ACIC provides various coverages to its parent in the form of errors & omissions policies, a workers' compensation deductible reimbursement policy, fidelity bonds and property terrorism (conventional and nuclear, biological, chemical or radiological).

AM Best assesses ACIC's ERM as appropriate, as the company has adopted the risk management strategies employed by Ameriprise. ACIC benefits from rating enhancement due to its strategic importance as a single parent captive insurance provider.

The following Long-Term IRs have been affirmed with a stable outlook:

Ameriprise Financial, Inc.—

-- "a-" on \$750 million 5.35% senior unsecured notes, due 2020

- "a-" on \$500 million 3.00% senior unsecured notes, due 2022
- "a-" on \$750 million 4.00% senior unsecured notes, due 2023
- "a-" on \$550 million 3.70% senior unsecured notes, due 2024
- "a-" on \$500 million 2.875% senior unsecured notes, due 2026

The following indicative Long-Term IRs have been affirmed with a stable outlook under the current shelf registration:

Ameriprise Financial, Inc.—

- "a-" on senior unsecured debt
- "bbb+" on subordinated debt
- "bbb" on preferred stock

Ameriprise Capital Trust I, II, III and IV—

- "bbb" on trust preferred securities

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's **Recent Rating Activity** web page. For additional information regarding the use and limitations of Credit Rating opinions, please view **Understanding Best's Credit Ratings**. For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view **Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases**.

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Source: AM Best