

BEST'S RATING REPORT



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Great American Life Insurance Company

Disclosure Information: View A.M. Best's [Rating Disclosure Form](#)

Ultimate Parent: [058317 - American Financial Group, Inc.](#)

A.M. Best Rating Unit: [069545 - Great American Life Group](#)

Best's Credit Ratings:

Rating Effective Date: August 17, 2018

Best's Financial Strength Rating:	A	Outlook:	Stable	Action:	Affirmed
Best's Issuer Credit Rating:	a+	Outlook:	Stable	Action:	Affirmed

Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
08/17/2018	A	Stable	Affirmed	a+	Stable	Affirmed
08/11/2017	A	Stable	Affirmed	a+	Stable	Affirmed
05/12/2016	A	Stable	Affirmed	a+	Stable	Affirmed
03/20/2015	A	Stable	Affirmed	a+	Stable	Affirmed
02/21/2014	A	Stable	Affirmed	a+	Stable	Upgraded

Rating Rationale:

The following text is derived from Best's Credit Report on Great American Life Group (AMB# 069545):

Balance Sheet Strength: Strong

- Continued strong risk-adjusted capitalization along with strong liquidity and financial flexibility.
- Transparent investment portfolio with continued significant exposure to RMBS and to CLOs as a percentage of capital.
- Positive quality of capital with low financial leverage along with low reinsurance dependence.

Operating Performance: Strong

- Great American Life Insurance Company continues to generate strong earnings with increasing net investment income that is sustainable.
- Strong and stable operating cash flows, with favorable retention trends in its line of business.
- Although the company has reported net realized losses on a statutory basis over the past three years, a substantial portion of these losses has been offset by an increase in its common stock portfolio's unrealized gain over the same time period.
- Lack of premium diversification with a significant majority from annuity core lines of business.

Business Profile: Neutral

- Favorable and competitive position in major lines of annuity business with good diversification in distribution channels.
- Group's current business mix continues to be more concentrated in its individual annuity line of business.
- Good share of the competitive business that the company pursues with recent efforts of new product development.

Enterprise Risk Management: Appropriate

- ERM program encourages a strong risk culture and governance with ongoing discipline and risk identification.
- A management-driven approach supported by appropriate models, utilizing stress testing to avoid management surprises.

Rating Lift/Drag

- Continued material contributor to overall group's earnings along with common branding and administration.

Outlook

The stable outlooks reflect the group's strong balance sheet strength assessment, continued strong operating performance, along with the strength and support of the Property/Casualty operations.

Rating Drivers

A positive rating action could occur if there were a positive rating action on American Financial Group, Inc.'s (AFG) core property/casualty operations or if A.M. Best's view of the strategic value of Great American Life's operations were to increase.

A negative rating action could occur should there be a decrease in A.M. Best's view of the strategic value of Great American Life's operations to AFG.

A negative rating action could occur should there be a significant and sustained decline in risk-adjusted capitalization.

A negative rating action could also occur if there is a material decline in operating performance.

Financial Statements:

Balance Sheet:

Balance Sheet:

Admitted Assets	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Bonds	27,112,702	24,914,681
Preferred Stocks	118,135	59,427
Common Stocks	907,361	852,043
Mortgage Loans	972,855	890,164
Real Estate	89,614	87,885
Contract Loans	102,754	108,451
Cash & short-term Investments	727,874	436,320
Other Invested Assets	851,722	...
Derivatives	683,398	...
Premiums & Consideration Due	9,354	10,070
Investment income due & accrued	267,040	239,030
Other Assets	733,825	1,703,436
Total Assets	32,576,634	29,301,506

Liabilities & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
+ Net Policy Reserves	28,070,358	25,014,033
Liabilities for deposit type contracts	1,276,131	1,341,691
Policy Claims	148,758	139,467
Interest maintenance reserve	52,203	71,284
Commissions, taxes and expenses	35,891	44,975
Asset Valuation Reserve	297,050	245,190
Other Liabilities	564,731	468,457
Total Liabilities	30,445,121	27,325,097

YE 2017: + Analysis of reserves; Life \$171,070; annuities \$27,852,942; supplementary contracts with life contingencies \$619; accidental death benefits \$94; disability active lives \$38; disability disabled lives \$1,602; miscellaneous reserves \$5,139; accident & health \$38,855.

YE 2016: + Analysis of reserves; Life \$172,817; annuities \$24,796,539; supplementary contracts with life contingencies \$812; accidental death benefits \$82; disability active lives \$43; disability disabled lives \$1,580; miscellaneous reserves \$5,668; accident & health \$36,492.

Balance Sheet: (Continued...)**Balance Sheet: (Continued...)**

Capital & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Common Stock	2,513	2,513
Paid-in & Contributed Surplus	810,751	810,022
Unassigned Surplus	1,318,249	1,163,874
Other Surplus
Total Policyholders' Surplus	2,131,513	1,976,409
Total Liabilities & Surplus	32,576,634	29,301,506

Source: Bestlink - Best's Statement File - L/H, US

Company History:**Date Incorporated:** 12/29/1961**Date Commenced:** 08/13/1963**Domicile:** United States: Ohio**Mergers:** FN Life Insurance Company, Ohio, 1982; First Benefit Insurance Company, Arizona, 1998; Old West Annuity & Life Insurance Company, Arizona, 2007.**Company Management:**

Last significant update on 02/23/2018

Officers**President and CEO:** S. Craig Lindner**EVP, Secretary and COO:** Mark F. Muething**EVP, Treasurer and CFO:** Christopher P. Miliano**SVP and General Counsel:** John P. Gruber**SVP:** Adrienne S. Baglier**Vice President:** Michael H. Haney**Vice President:** Brian P. Sponaugle**Appointed Actuary:** Richard L. Sutton**Directors**

Jeffrey G. Hester

S. Craig Lindner

Christopher P. Miliano

Mark F. Muething

Michael J. Prager

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

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Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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