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# A.M. Best Affirms Ratings of Life Insurance Company of Alabama

NewsRx

A.M. Best Co. has affirmed the financial strength rating of B+ (Good) and issuer credit rating of "bbb-" of Life Insurance Company of Alabama (LICOA) (Gadsden, AL). The outlook for both ratings is stable.

The rating affirmations reflect LICOA's established niche marketing of supplemental accident and health and life insurance products primarily via worksite sales, relatively stable profitability and significant reduction in its liability exposure resulting from the settlement of two class-action lawsuits in 2011.

Offsetting rating factors include LICOA's concentration of business in the cancer insurance market, continuing litigation expenses and its business concentration in Alabama, Tennessee, Mississippi and Georgia.

LICOA, licensed in 10 southeastern states and Oklahoma, is a small, closely held public company that has provided supplemental insurance products to employer groups and individuals since 1952.

Future positive rating actions could occur if LICOA significantly grows its non-cancer lines of business while maintaining profitability, sizably reduces litigation expenses and appreciably grows business beyond its core four state marketing territory. Alternatively, negative rating actions could occur if profitability trends downward or if its sufficient capital and surplus level materially deteriorates.

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The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Key criteria utilized include: "Rating Health Insurance Companies"; "Risk Management and the Rating Process for Insurance Companies"; "BCAR for Life/Health Insurers"; and "Assessing Country Risk." Best's Credit Rating Methodology can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology) (<http://www.ambest.com/ratings/methodology>). Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source. For more information, visit [www.ambest.com](http://www.ambest.com) (<http://www.ambest.com>). Copyright © 2012 by A.M. Best Company, Inc. ALL RIGHTS RESERVED.

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