

**Media release**  
**28 April 2023**



## **AM Best Upgrades Credit Ratings of Pinnacle Life**

**AM Best** has upgraded the Financial Strength Rating to B+ (Good) from B (Fair) and the Long-Term Issuer Credit Rating to “bbb-” (Good) from “bb+” (Fair) of Pinnacle Life Limited (Pinnacle Life) (New Zealand). The outlook of these Credit Ratings (ratings) has been revised to stable from positive.

The ratings reflect Pinnacle Life’s balance sheet strength, which AM Best assesses as adequate, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management (ERM). The ratings also factor in a neutral impact from the company’s ultimate parent, Greenstone Holdco Pty Limited (Greenstone).

The rating upgrades reflect the company’s improved balance sheet fundamentals. Following Greenstone’s complete acquisition of Pinnacle Life, the company’s financial flexibility is viewed to have strengthened; it is expected that Greenstone will provide capital support to Pinnacle Life if required. Pinnacle Life’s regulatory solvency position has improved gradually in recent years, reaching a ratio of 131% at fiscal year-end (30 June) 2022. AM Best expects prospective regulatory solvency to remain robust over the medium term. Pinnacle Life’s risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), is expected to remain at the strongest level. Partially offsetting balance sheet factors include the company’s high reliance on third-party reinsurance and small capital base, which increases the sensitivity of capital adequacy to new business growth, changes in the interest rate environment and shock events.

AM Best views Pinnacle Life’s operating performance to be adequate, with the company generating a five-year average return-on-equity ratio of 7.7% (fiscal years 2018-2022). The company’s operating results are mainly driven by the favourable underwriting performance of its in-force business. Overall earnings in recent years have exhibited moderate volatility, driven predominantly by discount rate movements impacting reported technical results. Prospectively, AM Best expects Pinnacle Life’s operating performance to remain adequate while the company executes its business plan, underpinned by a robust pricing strategy, controlled premium growth and leveraging the expertise of Greenstone to manage the associated underwriting risks.

AM Best considers Pinnacle Life’s business profile to be limited, largely reflecting the company’s small scale of operations, as well as its low product and geographic diversification in New Zealand. The company is focused mainly on underwriting term life and funeral insurance policies and has a domestic life insurance market share of approximately 1%, based on gross premiums written. Despite competitive market conditions in New Zealand’s life insurance sector, Pinnacle Life grew its market share in terms of new business, taking up approximately 7% of the market in 2022. Prospective growth is expected to be supported by the development of a wider offering and new distribution agreements with Greenstone.

AM Best views Pinnacle Life’s ERM as appropriate given the size and complexity of the company’s current operations. While AM Best considered the company’s risk management capabilities as appropriate for its key risks, continual development is expected as the company increases its scope of operations over the near term.



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 [Guide to Best's Credit Ratings](#). For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).

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