

Investors Trust[®] Assurance SPC

ITA INSURANCE HOLDINGS LLC

Domiciliary Address: Delaware United States

AMB #: 044643

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

INVESTORS TRUST ASSURANCE SPC A-

Domiciliary Address: Suite 4210, 2nd Floor, Canella Court, Camana Bay, Grand Cayman KY1-1208, Cayman Islands

Mailing Address: P.O. Box 32203, Grand Cayman KY1-1208, Cayman Islands

AMB #: 075811

NAIC #: N/A

FEIN #: N/A

Phone: 345-749-3340

Fax:

Website: www.investors-trust.com



Best's Credit Rating Effective Date

November 29, 2023

Best's Country Risk Reports Utilized[Malaysia - CRT - 3](#)**Analytical Contacts**

Omar Mostafa
Senior Financial Analyst
Omar.Mostafa@ambest.com
+1(908) 439-2200 Ext. 5000

Edward Kohlberg
Director
Edward.Kohlberg@ambest.com
+1(908) 439-2200 Ext. 5664

Information[Best's Credit Rating Methodology](#)[Guide to Best's Credit Ratings](#)[Market Segment Outlooks](#)**Financial Data Presented**

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

ITA Insurance Holdings LLC**AMB #:** 044643**Ultimate Parent:** AMB # 052809 - ITA International Holdings LLC**Best's Credit Ratings - for the Rating Unit Members****Financial Strength Rating (FSR)**

A-
Excellent
Outlook: Stable
Action: Affirmed

Issuer Credit Rating (ICR)

a-
Excellent
Outlook: Stable
Action: Affirmed

Assessment Descriptors

Balance Sheet Strength	Strong
Operating Performance	Strong
Business Profile	Neutral
Enterprise Risk Management	Appropriate

Rating Unit - Members**Rating Unit:** ITA Insurance Holdings LLC | **AMB #:** 044643

AMB # **Rating Unit Members**
062408 ITA International Insurer

AMB # **Rating Unit Members**
075811 Investors Trust Assurance SPC

Rating Rationale - for the Rating Unit Members

The Issuer Credit Ratings and Financial Strength Ratings of the member operating companies of the rating unit are determined in accordance with Best's building block rating methodology as applied to the consolidated group's financial statements, and the supporting analytics and results are described in the following sections of this report.

Balance Sheet Strength: Strong

- The risk-adjusted capitalization of ITA Insurance Holdings LLC (ITA) is assessed within the strongest category as measured by Best's Capital Adequacy Ratio (BCAR). ITA's BCAR has consistently measured within the strongest category over the most recent periods as capital levels have grown steadily.
- Positive quality of capital as ITA does not have any outstanding debt and does not rely on external financing to manage its balance sheet. The holding company also maintains excess capital. Mitigating these strengths is ITA's limited access to external financing sources, if needed.
- Limited insurance risk as all contracts are classified as investment contracts with the policyholder bearing downside market risks.
- General account assets are concentrated in more complex structured securities: CLOs, CDOs, and commercial mortgage-backed securities.

Operating Performance: Strong

- Continued trend of profitability driven by increasing fee income and favorable investment income partially offset with increasing expenses commensurate with business growth. Return on equity (ROE) continues to be strong; 2022 ROE is 22.5% and projected to be 25.1% in 2023.
- Overall sales remain steady despite the economic turmoil in the Asia-Pacific region, which impacted sales in 2022. However, increased sales in the Europe, Middle East, and Africa (EMEA) region more than offset the strain in Asia-Pacific along with continued strong performance in the Latin America (LATAM) region.
- Country risk attributes can impede growth initiatives in the foreign countries as regulatory changes can occur creating distribution and sales disruptions.

Business Profile: Neutral

- ITA's product offerings include unit-linked investment contracts, index-linked investment contracts, access portfolio investment contracts and guaranteed fixed-income investment contracts. The policies also contain a guaranteed death benefit rider.
- Policies are distributed through a network of independent financial advisors in various countries in the LATAM, Asia-Pacific and EMEA regions providing geographic diversification leading to an improved market position, partially offset with a high degree of competition.
- Product risk is low as there is a relatively small amount of mortality risk under each policy with limited insurance underwriting risk, which reduces the risk of high claim exposure from any single policyholder.
- ITA operates in some higher-risk countries with uncertain economic and regulatory environments.

Enterprise Risk Management: Appropriate

- Implemented an enterprise risk management (ERM) dashboard management tool, which is reviewed quarterly to assess and mitigate primary risks, along with a detailed risk register with proper controls fully integrated into daily operations at various levels of the group.
- Associated risks have mitigation factors along with strategic plans including an enhanced anti-money laundering program.
- Challenges posed by regulatory and/or economic uncertainty risk from revenue streams in higher-risk countries are a material risk to the group.
- Cyber-security technologies and policies have been implemented for the purposes of data protection, as well as network and web security.

Outlook

- The stable outlooks reflect the group's maintenance of a strong balance sheet strength assessment as supported by risk-adjusted capitalization at the strongest level as measured by BCAR as well as strong operating performance.

Rating Drivers

- A negative rating action could occur if material negative changes occur in the qualitative and quantitative components of the balance sheet.
- A negative rating action could occur due to economic or political instability in developing markets, which can negatively impact operating performance.
- A positive rating action could result from continued growth internationally resulting in a stronger business profile.

Credit Analysis**Balance Sheet Strength****Capitalization**

As a privately held company, ITA has limited access to external capital. However, ITA's capital base has steadily grown year-over-year through retained earnings. The total capital increased approximately 16.8% in 2022 as compared to 2021 due to continued strong earnings. Additionally, total capital as of June 2023 reflects an increase of approximately 7% from year-end 2022.

Investors Trust Assurance SPC ("ITA SPC"), a subsidiary of ITA, pays an annual dividend to ITA based on ITA SPC's Dividend Policy. In accordance with its Dividend Policy, ITA SPC, upon approval of the Company's Board of Directors, may distribute any excess capital so long as the resulting capital of ITA SPC, after such distribution, meets or exceeds ITA SPC's Target Capital per the approved Capital Policy of ITA SPC. ITA SPC typically pays a \$7 million annual dividend. However, during 2018, 2019, and 2021, the company paid extraordinary dividends of \$73.2 million, \$39.1 million, and \$16.3 million, respectively. In each year, the extraordinary dividends were used to capitalize the parent company and members of the group. In 2022, \$7 million dividend was paid and it is forecasted that only the \$7 million dividend will be paid during 2023 and 2024. While dividends are part of ITA's capital management plan, it is not expected to materially dampen the capital profile of the company.

A.M. Best expects that ITA's risk-adjusted capitalization and financial strength will remain strong, supported by profitable and expanding new contract placements. Risk-adjusted capitalization, as measured by the Global Best Capital Adequacy Ratio (Global BCAR), remains at the strongest level, mainly due to consistent capital growth and the limited insurance risks associated with ITA SPC and ITA International Insurer's unit-linked products. ITA does not rely on external debt or credit facilities to manage its balance sheet.

Asset Liability Management - Investments

The assets of the insurance companies can either be general account assets or segregated portfolio/segregated plan assets. The assets within the segregated portfolio/segregated plan are comprised of contributed capital from policyholders. There is significant cash generation & interest collection coming from the fixed income portfolio in the short & medium term. Some offsetting factors include no meaningful regulatory capital requirements in the Cayman Islands and Puerto Rico, and general account assets that are predominately supported by structured securities including CMBS and CDO's. The fixed income portfolio has continued to improve over the year with securities rated CCC or below slightly increasing to only 4% of the portfolio as of June 2023 compared to approximately 2% of the portfolio as of June 2022. The fixed income portfolio also saw an improvement of AAA securities as it increased to 51% of the portfolio as of June 2023 compared to 42% as of June 2022.

Holding Company Assessment

ITA SPC was founded in 2002 and is wholly-owned by ITH, which is wholly-owned by ITA International Holdings LLC (the "Ultimate Parent Company"). The majority of the Ultimate Parent Company is owned by family trusts of John and William Zelaya. The Zelaya family had sold insurance products in Latin America as master agents for Consecro, AIG, Generali, etc. Effective 2010, the Ultimate Parent Company reorganized into a holding company structure. ITH and the Ultimate Parent Company reorganized into a holding company structure. ITA and the Ultimate Parent Company's management is currently comprised of an insider.

ITA SPC's Board of Directors is currently comprised of insiders as well as two outside independent members.

The ITA group of companies has grown to almost 200 employees.

Currently the Ultimate Parent Company does not have a credit facility or debt outstanding as none is needed. All the securities held are marketable and are potential sources of liquidity. ITA is a privately-owned organization that has subsidiaries offshore in the Cayman Islands, Puerto Rico, and Malaysia with limited capital requirements. The Ultimate Parent Company assessment does not show any additional strain on the lead operating unit at this time.

Balance Sheet Strength (Continued...)

In 2018, ITA was formed, which is a Delaware limited company, and wholly-owned by the Ultimate Parent Company. The newly formed insurance holding company has three distinct insurance operating companies under it as part of the multi-jurisdictional approach. ITA SPC located in the Cayman Islands as of June 2002, ITA International Insurer located in Puerto Rico as of February 2018, and ITA Asia Limited located in the Federal Territory of Labuan, Malaysia as of July 2018.

Operating Performance

ITA's subsidiaries' (the "ITA Insurance Companies") revenue is generated by an initial sales load and an ongoing percentage of assets under management. Given that most of the assets are held in a segregated portfolio/segregated plan and invested to match plan participants' allocations, investment income received by the company is a small proportion of overall revenue.

During 2022, net income decreased from 2021 due to lower investment income and higher expenses compared to 2021. Further, return on equity also decreased as of 2022 from the prior year to approximately 22.5% from 36.6% in 2021. During 2022, fee income increased by 19% from 2021, along with the continued positive return on investment income. Total fee income that is not dependent on market conditions continues to account for a significant portion of overall fee income in 2022. Fee income increased approximately 22% from June 2023 to June 2022.

New business volume declined from 2021 levels, however 2022 produced the second best year for new business over the past five years. Renewals are also the highest it's been surpassing 2021. Latin America and specifically EMEA saw the largest increase in new business, Asia Pacific saw the largest decline due to economic slow down in China.

Assets increased slightly as of year-end 2022 compared to year-end 2021. However, assets under administration increased from year-end 2022 through June 2023 as net contributions increased along with lower withdrawals, and increased market gain. ITA Insurance Companies' revenue stream is coming from numerous countries (including higher risk countries with uncertain elevated political environments), and about a third of revenue from assets under management is offset by fees directly deducted from investment returns that are then rebated to the ITA Insurance Companies. A.M. Best believes that there is a growing demand for savings and investment solutions for middle market consumers outside of the U.S. Policies in force are expected to grow as the ITA Insurance Companies further expand into emerging markets globally.

Business Profile

In 2019, the Ultimate Parent Company implemented a multi-jurisdictional approach to their insurance business with three distinct independent insurance companies located in the Cayman Islands, Puerto Rico, and Malaysia. The ITA Insurance Companies have experience in long-term savings products focused on selling unit-linked and index-linked insurance products, as well as traditional fixed and variable annuities. ITA Insurance Companies have profitably established themselves among middle-class clientele, with the ability to expand geographically due to its strong profile. ITA Insurance Companies' core product portfolio is comprised of unit-linked insurance policies distributed through a network of independent financial advisors in markets such as Latin America, Asia-Pacific, and Europe, the Middle East and Africa (EMEA). The unit-linked products are characterized by regular contributions over many years with sales loads, surrender charges, and other fees designed to be lower than those of its competitors while providing strong shareholder returns. ITA Insurance Companies compete with several large international insurance companies that offer life insurance as well as similar asset management products. The ITA Insurance Companies deal with policyholders from across the world (including those from politically volatile countries with high risk and different regulations). The company currently has limited insurance risk, with mortality risk arising only from the return-of-premium if the life assured dies within five years of policy inception or a 101% return on account value or surrender value upon the death of the life assured, depending on the product. Revenue is generated by initial policy load and then an ongoing percentage of assets under management, both from the policyholder and as a rebate from the mutual fund. Besides the on-going personnel costs, major expenses are coming from sales commissions as well as investment contract benefits. Unit-linked policies are set-up to give policyholders access to name brand investment products in stable currencies, while accumulating assets over the long term.

In 2018, as part of its continued diversification strategy, ITA International Insurer, a company established in Puerto Rico, was granted a license in Puerto Rico for additional business growth, providing U.S. jurisdictions overview on products, and changing Investors Trust Assurance SPC Labuan Branch in Malaysia into a fully independent licensed life insurance company - ITA Asia Limited. ITA Distribution, an affiliate and the master distributor of the ITA Insurance Companies, continue to scale down on agencies and retain more qualified agencies as a result of additional due diligence on the company's part. ITA Distribution maintains strong relationships with distributors and the ITA Insurance Companies and ITA Distribution have advanced technology and website access for distributors as well as clients. The companies have a developed innovation process and regularly explores new projects on an ad-hoc basis. Innovation is a key focus of management and results have had a favorable impact. Prior innovation projects and investment in technology have facilitated a smoother transition during the challenges of COVID-19, particularly with regard to business continuity and customer experience.

Enterprise Risk Management

ITA Insurance Companies employ a comprehensive enterprise risk management (ERM) strategy in line with the risks inherent in its balance sheet, scope of operations, and business profile. The ITA Insurance Companies have exposure to credit risk, liquidity risk, market risk, operational risk, insurance and persistency risk through its financial instruments. ITA Insurance Companies define their risk appetite across the following major risk categories: reputational, competitive, conduct, regulatory and legal, financial, market, strategic, outsourcing, operational, technology, and persistency and conflicts of interest. There is a Risk Committee, that has been established for each insurance company, which meets independently on a quarterly basis, to review and manage the ERM dashboard. Semi-annual risk rating evaluations are conducted with risk owners as well. The trending issues of the ITA Insurance Companies are reported to that entity's respective Board of Directors at their quarterly meetings, with the Board approving the risk management framework annually. ITA Insurance Companies have continued with enhanced annual online training programs with all employees, and a board culture of doing the right thing. The companies engage in an ERM Training Program for Directors, Senior Management and Employees. Every employee is responsible for the effective risk management in their activities. An additional two-year assessment plan to be conducted by KPMG on certain compliance functions within the companies including IT, AML, Business Continuity, Outsourcing, Corporate Governance, and complaint process. KPMG was also engaged to assist with the development of a risk rating methodology to rate plan participants, as well as an overall review of the ERM process. In addition to rating plan participants, risk ratings are performed on insureds, payors, policy owners, as well as authorized and controlling persons. Grant Thornton was also engaged to enhance the ERM Risk Register to include duration of risk, risk appetite, and risk tolerance along with impact and probability on all primary risks. Grant Thornton also focused on key areas such as country risks assessments and anti-money laundering risk assessment.

The Cayman Islands has also issued new Monetary Authority guidance on market conduct, business continuity management, corporate governance, and outsourcing. ITA SPC also has hired Grant Thornton as Risk Manager to enhance the ERM Risk Register, ERM Framework, as well as ERM policies and procedures. The ERM register serves as a management tool used to assess and mitigate the Company's primary risks and their controls.

As far as cybersecurity, the companies have placed an increased emphasis on data protection. IT staff receives cybersecurity training and security policies (i.e., e-mail policies) have been implemented for all staff. Firewalls, gateway antivirus, and encryption are also used for cybersecurity. Vulnerability assessments and two-factor authentication are also part of the web security ERM process.

Financial Statements

	12/31/2022		12/31/2021
	USD (000)	%	USD (000)
Balance Sheet			
Cash and Short Term Investments	219,859	7.1	244,290
Bonds	870,790	28.1	749,114
Equity Securities	1,302,720	42.0	1,469,480
Other Invested Assets	16,322	0.5	2,600
Total Cash and Invested Assets	2,409,691	77.6	2,465,484
Debtors / Amounts Receivable	16,305	0.5	35,438
Other Assets	677,527	21.8	573,975
Total Assets	3,103,523	100.0	3,074,897
Gross Technical Reserves:			
Life Reserves	2,139,922	69.0	2,225,985
Total Gross Technical Reserves	2,139,922	69.0	2,225,985
Other Liabilities	785,117	25.3	698,138
Total Liabilities	2,925,039	94.2	2,924,123
Paid-in Capital	250	...	250
Retained Earnings	164,244	5.3	136,534
Other Capital and Surplus	13,990	0.4	13,990
Total Capital and Surplus	178,484	5.8	150,774
Total Liabilities, Mezzanine Items and Surplus	3,103,523	100.0	3,074,897

Source: BestLink® - Best's Financial Suite

Last Update
November 29, 2023

Identifiers
AMB #: 044643

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

ITA Insurance Holdings LLC

Operations

Date Incorporated: October 17, 2018

Domiciled: Delaware, United States

Business Type: Life, Annuity, and Accident

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [044643 - ITA Insurance Holdings LLC](#)

Best's Credit Rating Effective Date: November 29, 2023

Refer to the [Best's Credit Report for AMB# 044643 - ITA Insurance Holdings LLC](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
062408	ITA International Insurer	A-	a-
075811	Investors Trust Assurance SPC	A-	a-

Last Update

November 29, 2023

Identifiers**AMB #:** 075811**LEI #:** 2549009KJR2YUM1ZSQ74**Contact Information**Domiciliary Address:Suite 4210, 2nd Floor,
Canella Court, Camana Bay,
Grand Cayman KY1-1208,
Cayman IslandsMailing Address:P.O. Box 32203,
Grand Cayman KY1-1208,
Cayman Islands**Web:** www.investors-trust.com**Phone:** 345-749-3340**Financial Data Presented**

The financial data in this report reflects the most current data available at the time the report was printed.

Investors Trust Assurance SPC**Operations****Date Incorporated:** June 07, 2002**Domiciled:** Cayman Islands**Business Type:** Life, Annuity, and Accident**Organization Type:** Stock**Marketing Type:** Independent Agency**Best's Financial Size** VIII (USD 100 Million to Less than 250 Million)**Category:****Best's Credit Ratings****Rating Relationship****AM Best Rating Unit:** [044643 - ITA Insurance Holdings LLC](#)**Best's Credit Rating Effective Date:** November 29, 2023

Investors Trust Assurance SPC is a member of ITA Insurance Holdings LLC (AMB# 044643). Investors Trust Assurance SPC is a member of the ITA Insurance Holdings LLC rating unit as it serves as the lead operating company for the organization, is fully integrated into the organization's strategic plan and contributes the majority of earnings for the group. Refer to the [Best's Credit Report for AMB# 044643 - ITA Insurance Holdings LLC](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 2009. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Financial Strength Ratings					Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
Current -							
Nov 29, 2023	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Dec 9, 2022	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Dec 10, 2021	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Dec 3, 2020	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Nov 21, 2019	A-		Stable	Affirmed	a-	Stable	Affirmed

Management

Officers

Secretary and Chief Compliance Officer: Barbara Oosterwyk

Controller: Francois Bezuidenhout

Directors

Steve Christopher (Independent Director)

Dara Keogh (Independent Director)

Bryan Murphy (Independent Director)

John Zelaya (Executive Director)

Financial Statements

Financial Statements reflected were compiled from the most recent consolidated financial statements of this company available in BestLink - Best's Statement File – Global.

	12/31/2022		12/31/2021
	USD (000)	%	USD (000)
Balance Sheet			
Cash and Short Term Investments	90,808	5.6	126,272
Bonds	502,150	30.8	500,064
Equity Securities	761,182	46.8	974,071
Total Cash and Invested Assets	1,354,140	83.2	1,600,407
Debtors / Amounts Receivable	3,089	0.2	3,187
Other Assets	270,348	16.6	302,237
Total Assets	1,627,577	100.0	1,905,831
Gross Technical Reserves:			
Life Reserves	1,196,131	73.5	1,447,181
Total Gross Technical Reserves	1,196,131	73.5	1,447,181
Other Liabilities	322,521	19.8	363,869
Total Liabilities	1,518,652	93.3	1,811,050
Capital Stock	11,002	0.7	11,002
Paid-in Capital	239	...	239
Retained Earnings	97,684	6.0	83,540
Total Capital and Surplus	108,925	6.7	94,781
Total Liabilities, Mezzanine Items and Surplus	1,627,577	100.0	1,905,831

Source: BestLink® - Best's Financial Suite

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.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

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.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

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