



M PARTNER CARRIER DUE CARE SNAPSHOT



FINANCIAL AND RATINGS SUMMARY (as of 03/23/2020)⁶

PACIFIC LIFE INSURANCE COMPANY

FINANCIALS

Total Admitted Assets excl. Separate Accounts ^{7, 8}	\$88.4 billion
Total Liabilities excl. Separate Accounts	\$77.9 billion
Total Surplus & Asset Valuation Reserve ⁹	\$11.2 billion
Surplus & AVR / Total Admitted Assets	12.7%
NAIC Risk-Based Capital (RBC) Ratio ¹⁰	635%
Invested Assets	\$86.3 billion
Bonds	61%
Preferred & Common Stock	1%
Mortgages	16%
Real Estate	0%
Policy Loans	9%
Cash and Short-Term Investments	4%
Other	8%
Quality of Bond Portfolio	
Investment Grade (NAIC Class 1 & 2)	95.7%
Non-Investment Grade (NAIC Classes 3-6)	4.3%

FINANCIAL STRENGTH RATINGS

A.M. Best	A+	Superior
Moody's	A1	Good
Standard & Poor's	AA-	Very Strong
Fitch Ratings	AA-	Very Strong

Source: A.M. Best Statement File, data as of 12/31/2019

RATINGS COMMENTARY

STANDARD & POOR'S (12/05/2019)

Described Pacific Life's capital, earnings, and competitive position as very strong. Cited the company's very strong competitive position with solid market positions in U.S. life and annuity markets, diversified earnings profile, and very strong capitalization as rating strengths. Key risks noted by S&P included the company's exposure to legacy variable annuities and meaningful investments in BBB-rated corporate bonds and large commercial mortgages.

MOODY'S INVESTORS SERVICE (11/06/2019)

Affirmed A1 financial strength rating of Pacific Life and upgraded the rating outlook to positive based upon the company's ability to maintain a strong market position in life insurance and annuities, excellent statutory capitalization, and continued risk management actions to prospectively limit the volatility of variable annuity earnings. Other noteworthy strengths cited by Moody's included Pacific Life's strong business profile, excellent liquidity, and careful asset-liability management. Offsetting risks included the sensitivity of earnings from variable annuity business to low interest rates and capital market movements and an above-average concentration in lower quality investment-grade fixed income securities.

FITCH RATINGS (10/23/2019)

Cited Pacific Life's strong business profile, extremely strong statutory capital, reduced capital volatility, strong earnings, and modest investment risk as key drivers for its AA- financial strength rating. Stated the company is one of the leading providers of individual life insurance and retirement products in the U.S. and has made meaningful progress in diversifying its revenues and earnings away from legacy variable annuities.

A.M. BEST (05/24/2019)

Stated Pacific Life has a high level of risk-based capital and liquidity driven by a robust asset/liability program and a de-risked product liability structure. Described the company's earnings profile as solid based on growth in net premium, strong underwriting performance, and a growing asset base, which provides a material source of investment income. Cited Pacific Life's very strong enterprise risk management, which is developed and formalized throughout the entire organization.

⁶ DISCLOSURE: To bring you timely information, M's research team has sifted through currently available data and information from companies, credit rating agencies, news media, and market analysts. The information included in this document may change as the COVID-19 situation progresses and alters marketplace dynamics.

⁷ Total Admitted Assets – Company assets allowable in financial statement under state law. Generally these assets are relatively liquid and accessible for paying claims.

⁸ Separate Accounts – Funds held outside of the company's general account to support liabilities derived from investments where policy owners accept all the risk, such as variable universal life policies.

⁹ Asset Valuation Reserve (AVR) – Listed as a liability on the balance sheet, AVRs are funds required to be placed aside in order to insure against credit related investment losses.

¹⁰ NAIC Risk-Based Capital (RBC) Ratio – Total Adjusted Capital / Company Action Level