

M Partner Carrier Due Care Snapshot



Financials (as of 12/31/2016) and Ratings

All Values in \$000s

Total U.S. L&H Insurance			Ratings			Last reviewed	
Total Admitted Assets, excluding sep. accts.		183,260,579	AM Best	A+	Superior	2 of 15	9/2/2016
Total Liabilities, excluding sep. accts.		161,252,172	Fitch	AA-	Strong	4 of 21	5/2/2017
Total Surplus & Asset Valuation Reserve (AVR)		19,530,714	Moody's	A1	Good	5 of 21	11/14/2016
Surplus & AVR / Total Admitted Assets		10.7%	S&P	AA-	Very Strong	4 of 20	1/26/2017
Peer Group Surplus & AVR / Total Admitted Assets ¹		9.6%	Comdex				5/15/2017

Member Companies			Assets		Surplus & AVR		Invested Assets		Peer Group Avg. ¹	
Prudential Insurance Co of America		127,318,873		13,441,915	Total		158,477,590		79,735,295	
Prudential Retirement Ins & Ann Co		27,154,204		1,209,186	Bonds		70.2%		72.9%	
Prudential Annuities Life Assur Corp		20,863,521		5,797,294	Preferred Stock		0.1%		0.2%	
Pruco Life Insurance Co		7,424,817		1,329,835	Common Stock		2.4%		2.6%	
Pruco Life Insurance Co of NJ		1,710,338		329,328	Mortgages		16.0%		13.1%	
Prudential Legacy Insurance Co of NJ		1,618,577		240,908	Real Estate		0.3%		0.7%	
					Policy Loans		2.6%		4.0%	
					Cash & Short-Term Inv.		4.9%		2.3%	
					Other		3.4%		4.2%	

Source: A.M. Best Statement File

News/Commentary

May 2, 2017 – Fitch Affirms Prudential Financial, Inc.'s Ratings; Outlook Stable

Fitch Ratings affirmed the 'AA-' insurer financial strength ratings of the insurance subsidiaries of Prudential Financial, Inc. and revised the rating outlook to stable from negative. According to Fitch, the outlook revision followed the revision of its outlook on Japan's sovereign rating to stable from negative. Fitch said Prudential's ratings are partially constrained by Japan's sovereign rating because approximately 40% of the company's earnings are accounted for by its life insurance business in Japan. Fitch noted that while the earnings profile of Prudential's Japan life insurance business has been very favorable, it is exposed to continued weak macroeconomic conditions. Fitch also stated Prudential's rating considers the company's investment concentration in Japanese government bonds. Fitch said the affirmation reflects Prudential's very strong business profile and strong balance sheet, while also acknowledging the challenges associated with the low interest environment and exposure to Japan's economy.

September 2, 2016 – A.M. Best Affirms Ratings of Prudential Financial Inc. and Its Subsidiaries

A.M. Best affirmed the 'A+' financial strength rating of the domestic life/health insurance subsidiaries of Prudential Financial, Inc. The outlook for the rating is stable. According to A.M. Best, the affirmation reflects Prudential's highly diversified business and earnings profile, strong market positions in its core lines, and adequate risk-adjusted capitalization. A.M. Best cited Prudential's considerable financial flexibility and strong liquidity profile as supportive of the rating. A.M. Best also stated that the company's investment portfolio continues to exhibit manageable trends with respect to impairments and the fixed income portfolio remains in a net unrealized gain position. Partially offsetting these positive factors is the growing concentration of annuity reserves, which are a less creditworthy line of business compared with ordinary life insurance products. A.M. Best noted that Prudential has a track record of managing the risks inherent in its variable annuity products but the low interest rate environment continues to have a negative impact on yields.

November 11, 2015 – Moody's Affirms Prudential Financial's Ratings; Outlook Stable

Moody's affirmed the 'A1' insurance financial strength ratings of the domestic life insurance subsidiaries of Prudential Financial, Inc. The outlook is stable. According to Moody's, the affirmation reflects Prudential's strong risk management culture and capital position. Moody's also cited Prudential's steps to reduce financial leverage and maintain liquidity at the holding company level. Moody's said Prudential's risk-based capital ratio is well above 400% as of the end of the third quarter and its holding company cash and short-term investments totaled \$4.2 billion, well above its target of \$1.3 billion. Finally, Moody's said the ratings are also based on Prudential's strong brand name and leading positions in a number of U.S. insurance markets. Moody's said these strengths are moderated by Prudential's complex capital structure and somewhat volatile net earnings results.

September 18, 2015 – S&P: Prudential Financial's Ratings Affirmed, Outlook Stable

Standard & Poor's affirmed its 'AA-' financial strength ratings for Prudential Financial Inc.'s core U.S. operating subsidiaries. The outlook is stable. S&P affirmed Prudential's ratings following a review of the company's credit profile initiated after its recent downgrade of Japan's sovereign debt ratings. While S&P said it believes the downgrade has some impact on Prudential's overall business, because of its holdings of Japanese government and corporate bonds, it also said Prudential has substantial liquidity and capital protection that will protect its overall exposure to a Japanese sovereign stress scenario. S&P stated that a harsh asset-loss scenario in Japan is highly unlikely in its opinion.

¹ 30 life and health insurance groups representing over 80% of issued face amounts in permanent policies in 2016

