

# New York Life Insurance Company

**Update** 

## **Key Rating Drivers**

Leading Market Position: New York Life Insurance Company (New York Life) and its insurance subsidiaries are leading producers of whole life insurance and guaranteed income annuities, while also maintaining a strong market position in group life and disability insurance. New York Life's market position is strengthened by its loyal and productive career agency distribution channel, which Fitch Ratings believes reduces the risk of pricing pressure and adverse selection in competitive market environments.

**Product Diversification:** New York Life's diverse portfolio includes individual and group life insurance, annuities and asset management products, offering a balanced spread of mortality, longevity and interest rate risks, which Fitch views favorably. Although New York Life has a modest presence in product lines like long-term care (LTC) insurance, which Fitch considers as higher risk, the company maintains strong reserves and demonstrates strong risk management practices for these products.

Exceptionally Strong Capital: We view New York Life's statutory capitalization as exceptionally strong, based on an 'Extremely Strong' Prism capital model score, a 476% risk-based capital (RBC) ratio at year end (YE) 2024, and conservative operating leverage. In addition, the company adheres to the New York regulator's prescribed reserve calculations, which are more conservative than those based on the National Association of Insurance Commissioners (NAIC) standards. New York Life's financial leverage, as measured by surplus notes to total adjusted capital (TAC), remains relatively modest and stable at 12.3% compared to the previous year.

Stable Operating Results: New York Life's diverse earnings and the participating nature of its core products contribute to strong and stable financial performance. However, this performance is partially suppressed by exceptionally high capital levels and the company's commitment to returning profits to policyholders, highlighted by a record \$2.5 billion in dividends paid in 2024. As such, return metrics are modest and generally consistent, although the operating return on total adjusted capital declined modestly to 1.5% in 2024 from 2.1% in 2023

**Above-Average Risky Assets:** New York Life's risky assets ratio slightly exceeds the broader life insurance industry average, standing at 98% at YE 2024. However, this ratio remains in line with similarly rated mutual peers offering participating products and has remained relatively stable in recent years. Credit impairments are low and below historical averages, although Fitch expects an upward trend in 2025 as a result of the less favorable macroeconomic environment.

Macroeconomic Environment: Continued market turbulence may lead to decreased assets under management and therefore lower earnings for New York Life Investment Management. However, Fitch anticipates no significant impact on New York Life's earnings or capital unless there is a prolonged or severe recession. While a sustained higher interest rate environment generally benefits underlying investment performance, it may also lead to adverse policyholder behavior. However, the participating nature of New York Life's life policies partially mitigates this effect.

## **Ratings**

New York Life Insurance Company

Insurer Financial Strength AAA Long-Term IDR AA+

Outlook

Insurer Financial Strength Stable
Long-Term IDR Stable

**Debt Ratings** 

Subordinated Long-Term Rating AA

#### **Financial Data**

(\$ Mil.)	2023	2024
Total Adjusted Capital (TAC)	33,008	34,529
Surplus Notes Outstanding	4,232	4,233
Statutory Net Income	805	50
Operating Return on TAC (%)	2.1	1.5
RBC (%)	472	476

Note: Reported on a U.S. statutory basis. Source: Fitch Ratings, New York Life Insurance Company

#### **Applicable Criteria**

Insurance Rating Criteria (March 2024)

## Related Research

Large and Highly Rated Mutual U.S. Life Insurers – Peer Review September 2024 (September 2024)

### **Analysts**

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## **Rating Sensitivities**

## Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A decline in capitalization that includes a Prism capital model score below 'Extremely Strong' or an NAIC RBC ratio below 450%;
- A sustained increase in surplus notes to TAC above 15% could result in wider notching between New York Life's Insurer Financial Strength (IFS) rating and the ratings of the surplus notes, while an increase in surplus notes to total available capital to above 20% could result in a downgrade of all ratings;
- Statutory based fixed-charge coverage below 4.5x;
- An unexpected shift in tax, regulatory or market dynamics that weakens its competitive strengths.

## Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

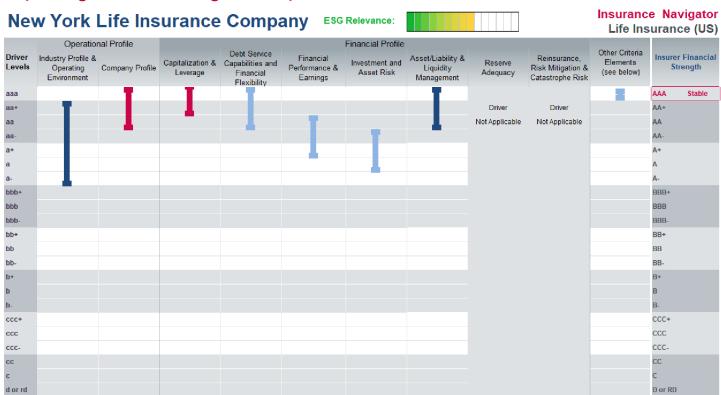
New York Life is at Fitch's highest rating level and therefore there are no positive rating sensitivities.

## **Latest Developments**

In November 2024, New York Life declared a company-record \$2.5 billion dividend payout for 2025.



# **Key Rating Drivers - Scoring Summary**



Other Drivers & Criteria Elements					
Provisional Insurer Financial Strength I	Rating			AAA	
Non-Insurance Attributes	Positive	Neutral	Negative	+0	
Ownership / Group Support	Positive	Neutral	Negative	+0	
Transfer & Convertibility / Country Ceiling	Yes	No	AAA	+0	
Insurer Financial Strength Rating Final:					
IFS Recovery Assumption	Good			-1	
Issuer Default Rating (IDR)			Final:	AA+	

Bar Chart Legend:		
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook	
Bar Colors = Relative Importance	↑ Positive	
Higher Importance	↓ Negative	
Average Importance	Evolving	
Lower Importance	□ Stable	



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