



Press Release - JULY 25, 2018

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A.M. Best Affirms Credit Ratings of New York Life Insurance Company and Its Subsidiaries

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Related Companies

For information about each company, including the Best's Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

AMB#	Company Name
059229	New York Life Capital Corp
059220	New York Life Funding
059221	New York Life Global Funding
069714	New York Life Group
006820	New York Life Insurance Company

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FOR IMMEDIATE RELEASE

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A.M. Best has affirmed the Financial Strength Rating of A++ (Superior) and the Long-Term Issuer Credit Ratings of “aaa” of **New York Life Insurance Company** and its wholly owned subsidiary, **New York Life Insurance and Annuity Corporation** (collectively referred to as New York Life).

Additionally, A.M. Best has affirmed the Long-Term Issue Credit Ratings (Long-Term IRs) on the funding agreement-backed securities (FABS) programs, the outstanding notes issued thereunder and the Long-Term IRs on the existing surplus notes of New York Life Insurance Company. The outlook for each of these Credit Ratings (rating) is stable. All companies are headquartered in New York, NY. (See below for a detailed listing of the Long-Term IRs.)

The ratings reflect New York Life's balance sheet strength, which A.M. Best categorizes as strongest, as well as its very strong operating performance, very favorable business profile and very strong enterprise risk management.

New York Life's ratings reflect the very strong risk-adjusted capital, with consistently growing absolute levels of capital, ample financial flexibility and abundant amount of liquidity even under extreme stress scenarios. Currently, the company's

reserve profile remains weighted toward annuity products, which are exposed to the continued low interest rate environment. However, this reserve profile is partially driven by the reserving dynamics between the two products, which generate higher reserves for the annuity products in the earlier years. While A.M. Best believes that New York Life's investment management capabilities remain strong, the potential still exists for higher than normal, albeit manageable, credit losses within its general account investment portfolio. While the organization's portfolio has a material allocation to highly rated corporate fixed-income securities, A.M. Best notes that New York Life has a sizeable allocation to non-traditional assets, namely investments in private equity and hedge funds that together represent approximately 20% of total capital.

New York Life's current adjusted GAAP financial leverage, excluding accumulated other comprehensive income, together with secured and non-recourse debt, is well within A.M. Best's guidelines for the company's current rating level. Also, GAAP interest coverage is very strong. Additionally, A.M. Best holds a favorable view of New York Life's proactive management approach to interest rate risk through ongoing hedging, product design, dynamic asset rebalancing and disciplined sales. Finally, A.M. Best notes that New York Life has an added measure of financial flexibility in support of its very strong risk-adjusted capital position through the management of its policyholder dividend scale.

The very strong and stable operating performance is generated from its traditional ordinary life insurance business, providing long-term cash flows as the foundation. The majority of new annuity sales are derived from premium based products with market value adjustment features that reduce interest rate risk and are offset with some vulnerability to spread compression should the low interest rate environment persist. Earnings have increased primarily as a result of favorable mortality and morbidity experience with overall positive business growth. New York Life's investment operations provide further earnings diversification reflective of its strong spread revenue and asset-based fees that are generated from the \$586 billion of assets under management as of year-end 2017.

The business profile is characterized by the conservative nature of the company's product portfolio, together with its large block of ordinary life business, translates into one of the more creditworthy liability profiles in the industry. New York Life's ratings also reflect the stability and strength of its career agency distribution force and its market position among the top leaders in the U.S. life insurance industry, which has led the industry in Million Dollar Round Table (MDRT) membership for

63 consecutive years. The agency channel remains a competitive advantage and has contributed to the organization's strong persistency and prominent market position within the individual life market. With respect to NYL's product portfolio, A.M. Best believes the allocation to interest-sensitive liabilities is high relative to peers, including its use of operating leverage; however, the company has historically demonstrated solid capabilities in managing this exposure. A.M. Best will continue to monitor any additional growth in this exposure.

The following Long-Term IRs have been affirmed:

New York Life Funding—program rating of “aaa”

New York Life Global Funding—program rating of “aaa”

— “aaa” on all outstanding notes issued under the program

New York Life Insurance Company—

— “aa” on \$1 billion 5.875% surplus notes, due May 2033

— “aa” on \$1 billion 6.75% surplus notes, due November 2039

New York Life Capital Corp—

— AMB-1+ on the commercial paper program

This press release relates to Credit Ratings that have been published on A.M. 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 A.M. Best's Recent Rating Activity web page. For additional information regarding the use and limitations of Credit Rating opinions, please view Understanding Best's Credit Ratings. For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases.

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