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Research Update:

New York Life Insurance Co. And Subsidiaries Ratings Affirmed; Outlook Stable

Primary Credit Analyst:

Peggy H Poon, CFA, New York (1) 212-438-8617; peggy.poon@spglobal.com

Secondary Contacts:

Elizabeth A Campbell, New York (1) 212-438-2415; elizabeth.campbell@spglobal.com
Robert N Roseman, New York (1) 212-438-7236; robert.roseman@spglobal.com

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Research Update:

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Overview

- We are revising our view of NYL's enterprise risk management to strong from adequate with strong risk controls.
- We are affirming our ratings on NYL and subsidiaries.
- The stable outlook reflects our expectation that NYL will maintain its extremely strong competitive position and financial risk profile.

Rating Action

On June 15, 2018, S&P Global Ratings affirmed its 'AA+' ratings on New York Life Insurance Co. (NYL), its core operating subsidiary, New York Life Insurance & Annuity Corp., and issue-level (debt) ratings from institutional funding vehicles New York Life Capital Corp., New York Life Funding, and New York Life Global Funding. The outlook is stable.

Rationale

We revised our view of NYL's enterprise risk management to strong from adequate with strong risk controls, reflecting our positive view of its strategic risk management (SRM). We believe NYL has demonstrated significant advancements in its SRM framework within the past two years, illustrating use of risk-adjusted metrics in its strategic decisions primarily through a risk-volatility framework.

The rating continues to reflect our view of NYL's extremely strong competitive position, predicated on its leading market position in two significant U.S. insurance markets (No. 2 in individual life and No. 1 in fixed annuities). Because of this, NYL's widely recognized brand, and significant controlled distribution, we view its operations as significantly less vulnerable to adverse operating conditions than competitors'. The company is geographically diverse with a career agency force with significant size, market penetration, and productivity. We believe NYL is very well positioned to compete in the middle-income, cultural, and direct-marketing customer segments. NYL's low-risk product portfolio is dominated by participating whole-life insurance liabilities. The rating remains constrained by our 'AA+' rating on the U.S. sovereign; the indicative group credit profile remains 'aaa'.

The rating also reflects NYL's mutual status, strength and predictability of

earnings, overall successful business model, extremely strong capital and earnings, intermediate risk position despite above-average allocation to high-risk assets and employee benefit obligations, and excellent fixed-charge coverage with capacity for further leverage.

Outlook

The stable outlook on NYL reflects our expectation that the company will maintain its extremely strong competitive position and financial risk profile.

Downside scenario

We may lower our ratings if NYL's capital adequacy unexpectedly deteriorates below the 'AAA' level as a result of weakening earnings or large investment losses. If NYL's product mix becomes more risky or we lower our sovereign rating on the U.S, we may also lower our ratings.

Upside scenario

A positive rating action is unlikely in the next two years given the company's profile and our current view of the credit quality of the U.S. sovereign, which constrains our ratings on insurers.

Ratings Score Snapshot

	To:	From:
Financial Strength Rating	AA+/Stable	AA+/Stable
Anchor	aa+	aa+
Business Risk Profile	Excellent	Excellent
IICRA*	Low Risk	Low Risk
Competitive Position	Extremely Strong	Extremely
Strong		
Financial Risk Profile	Extremely Strong	Extremely
Strong		
Capital & Earnings	Extremely Strong	Extremely
Strong		
Risk Position	Intermediate Risk	
Intermediate Risk		
Financial Flexibility	Adequate	Adequate
Modifiers	+1	+1
ERM and Management	0	0
Enterprise Risk Management	Strong	Adequate,
Strong		

Risk Controls		
Holistic Analysis	+1	+1
Liquidity	Exceptional	Exceptional
Support	0	0
Group Support	0	0
Government Support	0	0

*Insurance Industry And Country Risk Assessment.

Related Criteria

- Criteria - Insurance - Life: Methodology: Treatment Of U.S. Life Insurance Reserves And Reserve Financing Transactions, March 12, 2015
- Criteria - Insurance - General: Methodology For Assessing Capital Charges For U.S. RMBS And CMBS Securities Held By Insurance Companies, Aug. 29, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Insurance - Life: Methodology: Capital Charges For Regulatory Closed Blocks Under Standard & Poor's Capital Model Framework, Oct. 31, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology, May 7, 2013
- Criteria - Insurance - General: Enterprise Risk Management, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria - Insurance - General: Methodology For Assessing Capital Charges For Commercial Mortgage Loans Held By U.S. Insurance Companies, May 31, 2012
- Criteria - Insurance - General: Methodology For Calculating The Convexity Risk In U.S. Insurance Risk-Based Capital Model, April 27, 2011
- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008
- Criteria - Insurance - Life: Liquidity Model For U.S. And Canadian Life Insurers, April 22, 2004

Ratings List

Ratings Affirmed

New York Life Insurance Co.

Issuer Credit Rating	AA+/Stable/A-1+
Financial Strength Rating	AA+/Stable
Subordinated	AA-

New York Life Insurance & Annuity Corp.

Issuer Credit Rating	AA+/Stable
Financial Strength Rating	AA+/Stable

New York Life Capital Corp.

Commercial Paper	A-1+
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New York Life Funding

Senior Secured	AA+
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New York Life Global Funding

Senior Secured	AA+
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