New York Life Insurance Company

And Subsidiaries
Full Rating Report

Ratings

Long-Term Issuer Default Rating	AA+
Surplus Notes	AA
Short-Term Issuer Default Rating	F1+
Insurer Financial Strength	AAA

New York Life Insurance and Annuity Corp.

Insurer Financial Strength	AAA

Note: See additional ratings on page 11.

Rating Outlook

Stable

Financial Data

New York Life Insurance Company

($ Mil.)	12/31/16
Total Adjusted Capital (TAC)	23,524
Surplus Notes Outstanding	1,992
Statutory Net Income	1,088
Operating Return on TAC (%)	6.5
RBC (%)	550

Note: Statutory data is for New York Life consolidated.
Source: Fitch, SNL Financial.

Related Research

Fitch Affirms New York Life's IFS at 'AAA'; Outlook Stable (June 2017)

Disruptive Technology: Insurance (March 2017)

U.S. Life Insurance GAAP Results Dashboard (March 2017)

2017 Outlook: U.S. Life Insurance (Macroeconomic Headwinds Persist) (November 2016)

U.S. Life Insurers' Investment Portfolios (Results of Fitch's Year-End 2015 Survey) (September 2016)

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Key Rating Drivers

Market Leader in Life Insurance: New York Life Insurance Company is one of the top producers of whole life insurance and a leading writer of guaranteed income annuities. The company's market position is deepened by its loyal and productive career agency distribution channel, which Fitch Ratings believes reduces pricing pressure and anti-selection in competitive market environments.

Product Diversification: New York Life's mix of life insurance, annuities and asset management products provide diversification of mortality, longevity and interest rate risks. Product diversification also supports its participating whole life dividend scale and augments sales growth.

Extremely Strong Capital: Fitch views New York Life's statutory capitalization as extremely strong based on its 2016 RBC ratio of 550%, Prism capital model score of 'Extremely Strong' and conservative operating leverage. The company reported a 3% increase in total adjusted capital (TAC) during 2016 to $24 billion, which was primarily driven by earnings and unrealized investment gains. New York Life's use of financial leverage is very modest and in line with rating expectations.

Stable Operating Results: New York Life's very strong earnings profile reflects good risk-adjusted returns; a long history of stable financial performance, which benefits from conservative operating strategies; favorable investment results; and strong diversification.

Above-Average Risky Asset Ratio: New York Life's risky assets ratio is above average at 96% compared with an industry aggregate of 80%. However, the ratio remains in line with similarly rated mutual peers with participating products, given the strategy to pass investment performance to policyholders. Credit impairments remain modest and well below historical averages.

Macroeconomic Headwinds: Ongoing low interest rates and geopolitical uncertainty pose risks to Fitch's outlook for life insurers and could have a material negative effect on New York Life's earnings and capital.

Rating Sensitivities

Factors Supporting a Downgrade: Key rating triggers that could lead to a downgrade include a decline in capitalization, which includes an RBC ratio below 450% or a Prism capital model score below 'Extremely Strong'; future increases in financial leverage to more than 15% on a sustained basis; a reduction in fixed-charge coverage below 6.0x; or significantly reduced profitability evidenced by a GAAP operating ROA below 0.5%.

A major acquisition that leads New York Life away from its core expertise and significantly reduces the proportion of its participating whole life insurance or an unexpected shift in tax, regulatory or market dynamics that weakens its competitive strengths, could also lead to a downgrade.

Business Profile

Very Strong Competitive Position

- Leading U.S. life insurance franchise.
- Captive distribution is a key competitive differentiator.
- Asset management boosts returns and enhances diversification.
- Conservative business model.

Leading U.S. Life Insurance Franchise

New York Life is one of the largest life insurance companies in the U.S. and Mexico, with approximately $320 billion in total assets and $35 billion in equity as of Dec. 31, 2016. The company is one of the top producers of whole life insurance and is the market leader of guaranteed income annuities. New York Life also offers fixed annuities, variable annuities (VAs) with minimal living benefit exposure and participating individual long-term care insurance. The company's launch of participating single premium immediate annuity and deferred immediate annuity products in 2015 further supports its risk profile. Assets under management totaled $538 billion at year-end 2016, which includes investment boutiques offering specific investment strategies.

Diversified revenue sources allow the company to emphasize or deemphasize certain products in favorable or challenging economic scenarios and reduce its overall dependence on any single product. New York Life's mix of life insurance, annuities and asset management products provide diversification of mortality, longevity and interest rate risks.

Captive Distribution Is a Key Competitive Differentiator

One of New York Life's key competitive advantages is its loyal and productive career agency distribution channel. Fitch believes this distribution strategy reduces pricing pressure and anti-selection in competitive market environments. New York Life remains focused on agent growth and productivity with an industry-leading representation of insurance trade association Million Dollar Round Table producers and solid retention rates. The company targets middle-market and mass affluent customers with a particular focus on higher-growth cultural markets and women.

New York Life is using technology to modernize its career agency force by investing in innovation across the sales cycle to shorten the sales process, enhance efficiencies, and gather and utilize data to drive future growth.

Asset Management Boosts Returns and Enhances Diversification

New York Life Investment Management LLC (NYLIM), an indirect, wholly owned subsidiary of New York Life, employs a multiboutique model with investment capabilities across various asset classes and geographies. Fitch expects headwinds from market volatility and industry trends of passively managed funds in large cap U.S. equity to be somewhat offset by positive net flows from international markets and smart beta strategies.

Conservative Business Model

New York Life uses effective risk management tools in its capital planning, investment and business strategies. The company offers relatively conservative product features and maintains a strong capital position to offset risks related to various stress scenarios.

Related Criteria

Insurance Rating Methodology (April 2017)

Corporate Governance

Corporate governance and management are adequate and neutral to the rating. Ten of 11 board members are independent. Standard subcommittees are in place. Pricewaterhouse Coopers is New York Life's auditor. The audit opinion for 2016 was unqualified.

Although not a Securities and Exchange Commission registrant, New York Life voluntarily complies with section 302 of Sarbanes-Oxley Act of 2002. New York Life annually reports consolidated results publicly under U.S. GAAP. New York Life and its insurance subsidiaries report results under statutory accounting principles permitted as prescribed by their respective states of domicile.

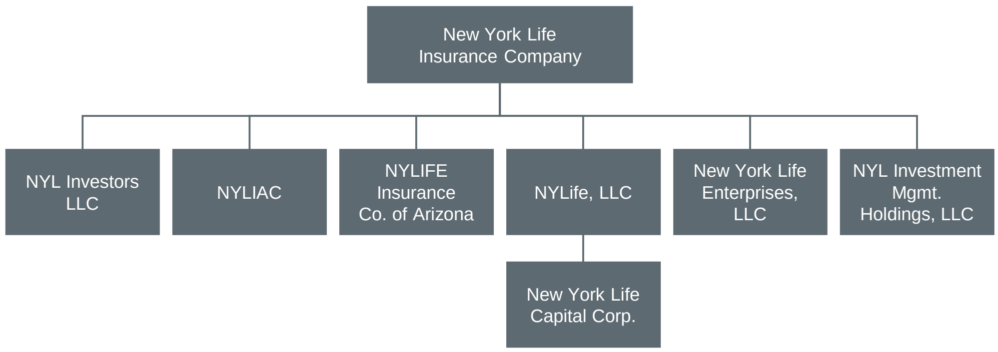
Ownership Is Positive to Rating

Fitch views the ownership structure of mutual insurance companies favorably, as the interests of management are aligned with those of policyholders, thus promoting a stronger focus on financial strength. New York Life's mutual ownership is viewed as a positive ratings factor. Fitch believes that the company's ownership structure generally allowed management to hold more conservative levels of capital and pursue a more conservative operating strategy with a longer term focus on growth.

Organizational Structure

New York Life is the lead life insurance company and a holding company for its U.S. insurance operating subsidiaries New York Life Insurance and Annuity Corporation (NYLIAC) and NYLIFE Insurance Company of Arizona. New York Life Enterprises, LLC is a holding company for an international insurance subsidiary. New York Life's security brokerage, financial advisory, trust services operations and capital funding operations are owned by an intermediate holding company, NYLIFE LLC.

Simplified Organizational Structure — New York Life Insurance Company



Source: Company filings.

Industry Profile and Operating Environment

U.S. Life Industry Has Strong Balance Sheet Fundamentals

A majority of North American life insurers in Fitch's rated universe have IFS ratings in the 'AA' and 'A' categories and Stable rating Outlooks. This reflects very strong balance sheet fundamentals and generally stable operating performance. Balance sheets reflect very strong capital and liquidity, reasonable financial leverage and high-quality investment portfolios. The industry's profitability benefited in recent years from improved asset-based fee income associated with higher asset levels, partially offset by lower interest margins and one-time reserve charges due to continued low interest rates.

Our negative sector outlook for the U.S. life insurance industry is based on concern over macroeconomic challenges and uncertainties. These factors are expected to negatively affect underlying fundamental trends in the industry.

Key risk factors include persistently low interest rates, asset risk tied to investment leverage, exposure to VA living benefit guarantees, and uncertainty tied to macroeconomic conditions and the regulatory environment. Continued low interest rates present a negative scenario for all life insurers due to the industry exposure to interest-sensitive products and investment concentration in fixed-income securities. While new business repricing, product redesign and enhanced hedging strategies reduced the risk associated with the industry's large VA exposure, industry earnings and capital remain exposed to financial market volatility and uncertain policyholder behavior.

Cyclical improvement in the U.S. economy, strong recovery in equity markets and a benign credit environment combined to mitigate the effects of prolonged low interest rates in recent years. Under Fitch's base case scenario, the U.S. macroeconomic environment is expected to modestly improve in 2017, which should allow life insurers to maintain strong balance sheet fundamentals and report modest deterioration in financial performance. Credit-related investment losses are expected to increase somewhat in 2017, but remain below long-term averages.

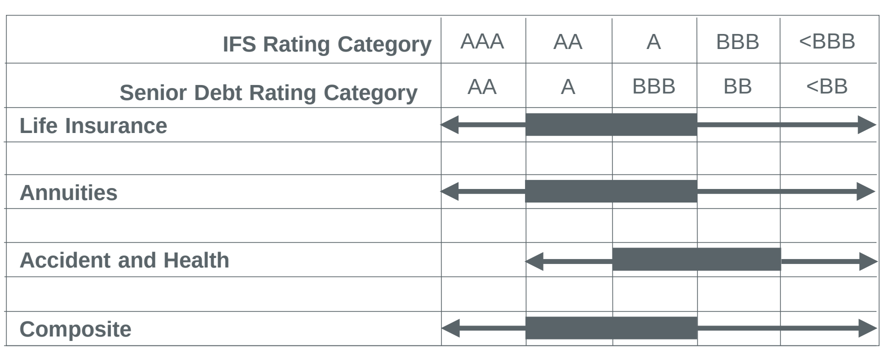
Uncertainty over aspects of U.S. policy in light of the new administration is expected to persist for some period. President Donald Trump appears inclined to ease regulation, including the Dodd-Frank Act, which could be positive for the industry.

Sovereign- and Country-Related Constraints

Fitch rates the local currency sovereign obligations of the United States of America at 'AAA' with a Stable Outlook, and the Country Ceiling is similarly 'AAA'.

The local currency sovereign rating expresses the maximum limit for local currency ratings of most, but not all, issuers in a given country. At current levels, the ratings of U.S. insurance organizations and other corporate issuers are not likely to be constrained by sovereign or macroeconomic risks.

Ratings Range Based on Industry Profile/Operating Environment



Peer Analysis

New York Life Compares Well with Highly Rated Peers

New York Life compares well with other highly rated mutual life insurance companies. Capitalization, as measured by RBC, operating leverage and financial leverage are comparable with peers and in line with median rating guidelines. Additionally, New York Life's quality of capital is viewed favorably, as demonstrated by a surplus notes-to-TAC ratio near the lower end of the range.

Fitch views the profitability metrics (both return on assets and TAC) of New York Life and its mutual peer group as modest compared with the industry; however, on a risk-adjusted basis, results are viewed favorably due to the participating nature of many of its products. More conservative levels of capital and a more conservative operating strategy tend to suppress profitability metrics for mutual insurers. Additionally, New York Life's diverse product offerings contribute to enhanced earnings stability.

New York Life's risky assets ratio is above average in comparison with the life insurance industry and largely in line with mutual peers. New York Life and Northwestern Mutual Life Insurance Co. have a higher proportion of participating policies, which allows them to pass on investment experience to policyholders.

Peer Comparison

(As of Dec. 31, 2016)	IFS Rating	RBC (%)	TAC ($ Mil.)	Asset Leverage (x)	Operating Leverage (x)	Risky Assets/ TAC (%)	Surplus Notes/ TAC (%)	Pretax Return on Total Assets Post-Dividend (%)	Operating Return on TAC (%)
New York Life	AAA	550	23,524	13	10	96	8	0.6	6.5
Northwestern Mutual	AAA	614	26,279	10	8	115	7	0.3	3.9
Massachusetts Mutual	AA+	459	17,276	14	9	102	13	0.0	1.6
Guardian	AA+	552	7,470	10	7	57	11	0.9	6.9

IFS – Insurer Financial Strength. TAC – Total adjusted capital. Note: U.S. statutory accounting. Pretax return on total assets post-dividend.
Source: Fitch, SNL Financial.

Capitalization and Leverage

	2012	2013	2014	2015	2016	Fitch's Expectations
Total Adjusted Capital ($ Mil.)	19,542	21,470	21,594	22,750	23,524	Capital is expected to remain extremely strong with RBC above 500% and a Prism score of 'Extremely Strong'. Operating and financial leverage are expected to remain near current levels.
RBC (%)	522	561	534	549	550	
Asset Leverage (x)	12	12	12	13	13	
Operating Leverage (x)	9	9	9	10	10	
Surplus Notes/Total Adjusted Capital (%)	10	9	9	9	8	

Source: Fitch.

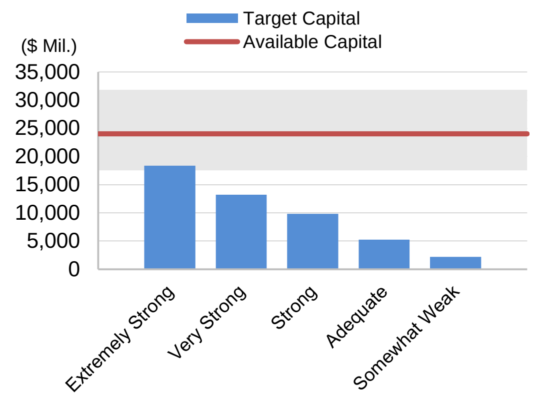
Extremely Strong Capitalization

- Extremely strong statutory capital position.
- Strong quality of capital.
- Low capital market funding needs.

Extremely Strong Statutory Capital Position

New York Life's capital strength is demonstrated by its Prism capital model score of 'Extremely Strong' and RBC ratio of 550% at year-end 2016. The company continues to generate solid capital growth and maintains a cushion for extreme adverse scenarios. Nonrisk-based leverage metrics remain very strong and consistent with prior years. New York Life's financial leverage remains extremely strong.

2016 Prism Score — New York Life



Note: Red line is available capital base; shaded area represents the high and low of available capital due primarily to the asset valuation reserve and unrealized bond gains/(losses).
Source: Fitch, S&P Global.

Strong Quality of Capital

New York Life's capital strength is also reflected by its strong quality of capital. The company makes modest use of surplus notes, has limited use of third-party reinsurance and does not utilize captive insurers to fund excess life reserves. Additional conservatism is built into New York Life's balance sheet, given more conservative reserving practices prescribed by the New York State Department of Financial Services.

Low Capital Market Funding Needs

New York Life's reliance on capital markets funding is low, as demonstrated by its below industry average total financing and commitments ratio of 0.4x at year-end 2016 and extremely strong capitalization.

Debt Service Capabilities and Financial Flexibility

	2012	2013	2014	2015	2016	Fitch's Expectations
Adjusted Interest Expense ($ Mil.)	126	126	126	126	126	Interest coverage is expected to remain near current levels.
GAAP Interest Coverage (x)	17	19	22	21	21	
Statutory Interest Coverage (x)	14	11	15	11	14	

Note: Statutory interest coverage consists of pretax gains from operations before interest expense and after dividends to policyholders' divided by interest on surplus notes.
Source: Fitch, New York Life.

Strong Coverage Metrics

- Strong interest charge coverage.
- Diversified sources of funding.
- Somewhat limited financial flexibility in the capital markets.
- Participating whole life book enhances financial flexibility.

Strong Interest Charge Coverage

New York Life exhibits extremely strong and consistent levels of debt-servicing capabilities based on GAAP and statutory interest coverage. Additionally, liquidity from New York Life's entire general account is available to service the company's $2.0 billion of outstanding surplus notes.

Diversified Sources of Funding

The company's wholly owned indirect subsidiary, New York Life Capital Corp., is authorized to issue up to $2.5 billion of CP, which it does opportunistically during the management of cash flows for investment and liquidity purposes. Outstanding CP balances are manageable and totaled $503 million at year-end 2016.

During 2016, New York Life increased its revolving credit facility to $1.25 billion from $1 billion. There were no outstanding balances as of Dec. 31, 2016. Additionally, the company has approximately $7.9 billion of borrowing capacity with the Federal Home Loan Bank (FHLB) of New York. NYLIAC is a member of the FHLB of Pittsburgh with $4.5 billion of borrowing capacity. New York Life has also demonstrated access to funding through surplus note issuances, for which there is no near-term refinancing risk.

Somewhat Limited Financial Flexibility in the Capital Markets

As a mutual company, New York Life's ability to raise equity capital is somewhat limited due to its inability to raise common stock. However, the company has the ability to issue surplus notes, which it has successfully done in the past including during challenging market conditions. Fitch believes New York Life has the capacity to issue approximately $1.5 billion of additional surplus notes before exceeding rating guidelines.

Participating Whole Life Book Enhances Earnings Flexibility

The participating nature of New York Life's large block of in-force whole life business allows the company to adjust dividend rates to maintain strong targeted capital levels. Whole life dividends provide a buffer that can be used to share interest rate performance with policyholders.

Long-Term Debt Maturities

($ Mil., As of Dec. 31, 2016)

2014	0
2015	0
2016	0
2017	0
2018	0
2019 or Later	2,000

Source: Fitch.

Financial Performance and Earnings

(%)	2012	2013	2014	2015[a]	2016	Fitch's Expectations
Pretax Gain from Operations	1,633	1,261	1,811	1,235	1,634	Profitability is expected to remain strong in 2017. Fitch expects the relative stability of New York Life's par whole life book and earnings diversification from non-insurance businesses to be somewhat offset by low interest rates and lower income from limited partnerships.
Net Income	1,333	1,326	1,602	257	1,088	
% Pretax Operating Return on Assets	0.8	0.6	0.7	0.5	0.6	
% Operating Return on TAC	7.7	6.2	7.6	2.9	6.5	
Growth in Revenues Before Realized Gains (%)	(3)	5	9	23	(11)	

[a]Results affected by John Hancock transaction. TAC – Total adjusted capital. Note: U.S. statutory accounting.
Source: Fitch, SNL Financial.

Relatively Stable Earnings Profile

- Very strong operating performance.
- Product profile contributes to earnings stability.
- Favorable risk-adjusted returns.

Very Strong Operating Performance

New York Life reports consistently strong earnings, which is enhanced by its diverse product offering. In 2016, the company generated greater sales of fixed and guaranteed income annuities. This was somewhat offset by lower income from limited partnerships, planned business investments and the continued impact of low interest rates. Lower earnings in 2015 primarily reflect the initial reinsurance premium related to the closed block reinsurance transaction with John Hancock, along with energy-related investment losses.

Although interest rate-sensitive business remains under pressure for the industry, New York Life continues to manage its spread margins well, aided by solid investment performance and actively managed crediting rates. Fitch believes that New York Life's exposure to potential economic headwinds is manageable over the near term, due to its product diversification and extremely strong capitalization.

Product Profile Contributes to Earnings Stability

New York Life's large life insurance business consistently accounts for more than 50% of earnings, with smaller contributions from annuities and asset management. The relative stability of earnings comes in part from the participating nature of the company's whole life insurance product with limited guarantees and a flexible dividend scale. Product diversification supports New York Life's participating whole life dividend scale and augments sales growth.

Other factors enabling New York Life to price its individual whole life products competitively include low lapse rates on its protection-based insurance products and a low expense base, aided by significant scale. Fitch believes the company's low lapse rate for its whole life products illustrates sound product design, competitive dividend rates, and strong relationships between New York Life's career agency system and its policyholders.

Favorable Risk-Adjusted Returns

New York Life's returns are partially suppressed by strong capital levels along with the lower risk/lower return nature of its products. Due to the participating nature of certain of its products, a portion of underwriting and investment experience is shared with policyholders in the form of dividends that can be adjusted annually.

Investments and Asset Risk

	2012	2013	2014	2015	2016	Fitch's Expectations
Cash and Invested Assets ($ Mil.)	180,005	187,801	197,235	218,346	230,026	Fitch expects investment risk to remain relatively stable and credit-related impairments to remain manageable.
Below Investment-Grade Bonds/TAC (%)	51	45	48	53	47	
Risky Assets Ratio (%)	91	86	106[a]	106[a]	96[a]	
Investment Yield (%)	4.9	4.7	4.7	4.6	4.4	

[a]Includes commercial mortgages in category CM3, CM4 and CM5, whereas prior years only include CM4 and CM5. TAC – Total adjusted capital. Note: U.S. statutory accounting.
Source: SNL Financial, Fitch.

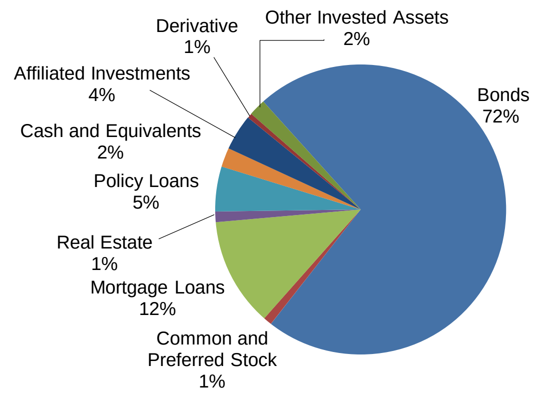
Diversified Portfolio with Manageable Investment Risks

- Well-diversified portfolio.
- Above-average risky assets.
- Well-managed commercial mortgage loan portfolio.

Well-Diversified Portfolio

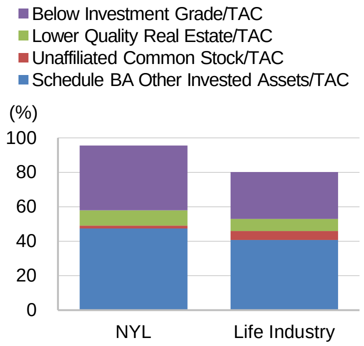
New York Life manages a well-diversified liquid investment portfolio that continues to perform well, despite continued low interest rates. The portfolio consists primarily of investment-grade publicly traded and private placement bonds (with a modest shift to NAIC 2 bonds in recent years), mortgage loans and agency structured products. Credit impairments were negligible in 2016.

Cash and Invested Assets
($230 Bil. at Dec. 31, 2016)



Note: Statutory accounting.
Source: SNL Financial.

2016 Risky Assets to Total Adjusted Capital
(New York Life Versus Life Industry Aggregatge)



TAC – Total adjusted capital.
Source: SNL Financial, Fitch.

Above-Average Risky Assets

New York Life's investment strategy takes a long-term view of its portfolio and its product liabilities. Under this strategy, the company maintains an above-average risky assets ratio (defined as below investment-grade bonds, common stocks, schedule BA assets and lower quality mortgages as a percentage of TAC), largely driven by greater exposure to private equity limited partnerships. New York Life's above-average allocation to equities supports its participating whole life policies, where investment results are passed through to policyholders over time, and long-term products with guarantees.

Well-Managed Commercial Mortgage Loan Portfolio

New York Life's commercial mortgage loan portfolio remains diversified by geography and property type. Loan quality remains favorable, demonstrated by attractive loan-to-value ratios and debt service coverage.

Asset/Liability and Liquidity Management

(%)	2012	2013	2014	2015	2016	Fitch's Expectations
Liquidity Ratio	65	63	61	59	60	Fitch expects New York Life's operating cash flow coverage and liquidity ratio to remain near current levels.
Operating Cash Flow Coverage (x)	1.3	1.3	1.3	1.3	1.4	
Public Bonds/Total Bonds	71	68	65	62	63	
Total Adjusted Liabilities and Deposits ($ Mil.)	204,312	217,138	229,375	250,710	280,134	

Note: U.S. statutory accounting.
Source: Fitch, SNL Financial.

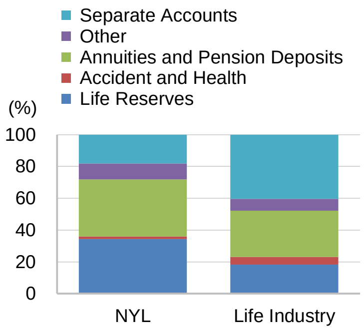
Solid Asset/Liability Management and Good Liquidity

- Strong liquidity position.
- Well-managed product risk.
- Low exposure to VA guarantees.

Strong Liquidity Position

New York Life maintains a large publicly traded bond portfolio and benefits from strong cash flows generated through its large individual life insurance book and product design that mitigates liquidity risk. Approximately 27% of New York Life's general account annuity reserves could be withdrawn at book value without market value adjustments or surrender penalties at year-end 2016. Fitch views the company's liquidity ratio as strong, given its relatively low disintermediation risk.

Adjusted Liabilites and Separate Account Mix
(New York Life Versus Life Industry, as of Dec. 31, 2016)



Source: SNL Financial, Fitch.

Well-Managed Product Risk

Fitch believes that New York Life effectively manages asset and liability risks through good product design, strict pricing discipline and actively managed duration. The company aims to minimize interest rate risk and currency risk through hedging.

New York Life is exposed to withdrawal/maturity risk through individual annuities and stable value products. Interest rate and disintermediation risks are well managed through cash-flow matching and contract provisions, in Fitch's view. Liquidity risk in its institutional annuity products remains manageable, due to modest exposure to these products at 8% of general account liabilities at year-end 2016. Additionally, none of its funding agreement-backed medium-term notes have put options that are exercisable.

Liabilities — Variable Annuity Guarantees

($ Mil., GAAP Liability)	2015	2016
GMDB	74	46
GMAB	155	180
Total[a]	237	232

[a]Total liabilities for guarantees include additional death benefits and accumulation at specified date benefits totaling $6 million and $8 million in 2016 and 2015, respectively. GMDB – Guaranteed minimum death benefit. GMAB – Guaranteed minimum accumulation benefit.
Source: Company.

Low Exposure to VA Guarantees

New York Life has a relatively small exposure to the VA business, which represents approximately 12% of total general and separate account reserves. Fitch views the risk profile of New York Life's VA business more favorably than industry peers. Approximately 25% of the VA business includes guaranteed living benefits riders. The company manages these risks through a combination of product design features and hedging, and sells only through its career agents.

Selected Variable Annuity Benefit Guarantee Data[a]

	Account Value		Net Amount at Risk	
($ Mil.)	2015	2016	2015	2016
GMDB — Return of Premium	16,184	18,270	139	48
GMAB — Return of Premium	5,256	5,839	186	84
GMDB — Ratchet	10,102	9,874	518	172
GMAB — Ratchet	1,519	1,520	47	19

[a]New York Life's variable annuity contracts offer more than one guarantee. Amounts are not mutually exclusive.
GMDB – Guaranteed minimum death benefit. GMAB – Guaranteed minimum accumulation benefit.
Source: Company.

Appendix A: Additional Financial Exhibits

Complete Ratings List

Issuer	Security Class	Rating
New York Life Insurance Co	Insurer Financial Strength (IFS)	AAA
	Long-Term Issuer Default Rating (IDR)	AA+
	Surplus Notes	AA
	Short-Term IDR	F1+
New York Life Insurance and Annuity Corporation	IFS	AAA
NYL Capital Corporation	CP	F1+
New York Life Global Funding	Funding Agreement — Backed Note Programs	AAA
New York Life Funding, Inc.	Funding Agreement — Backed Note Programs	AAA

Source: Fitch.

Appendix B: Other Ratings Considerations

Below is summary of additional ratings considerations of a "technical" nature that are also part of Fitch's ratings criteria.

Group IFS Rating Approach

New York Life is the lead operating entity. Fitch considers its wholly owned subsidiary, New York Life Insurance and Annuity Corporation, to be a Core subsidiary due to its shared management and dividend paying capacity. Additionally, the companies share administrative and operating functions. Therefore, Fitch applied a group rating methodology to each entity based on a combined group assessment.

Notching

For notching purposes, the regulatory environment of the U.S. is assessed by Fitch as being Effective and classified as following a Ring-Fencing approach.

Notching Summary

IFS Ratings

A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the operating company IDR.

Hybrids — Operating Company

Notching of operating company surplus notes was based on a standard baseline recovery assumption of Below Average and a nonperformance risk assessment of Minimal. Thus, they are notched down by two from the operating company IFS, which is based on one notch for recovery and one notch for nonperformance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.

New York Life Global Fund and New York Life Funding Note Programs

The 'AAA' ratings on these and related issues recognizes that the trust obligations are secured solely by funding agreements issued by New York Life with cash flow structures that enable the trustees to pay the principal and interest on the notes. Thus, the note programs are dependent on New York Life's credit quality and are assigned a rating equal to the company's Insurer Financial Strength rating.

Short-Term Ratings

New York Life's short-term Issuer Default Rating (IDR) was notched using standard long-term and short-term ratings equivalencies, per Fitch's criteria. Backup liquidity meets Fitch's liquidity guidelines.

New York Life's subsidiary New York Life Capital Corp. (NYL CapCo) is authorized to issue $2.5 billion in CP and serves solely as a funding vehicle for the organization. At Dec. 31, 2016, the company had $503 million of CP outstanding.

NYL CapCo's CP rating is directly related to the credit quality of its parent, New York Life, which provides explicit support to its subsidiary through a support agreement. The support agreement states that New York Life will (directly or through a wholly owned subsidiary) own and hold the entire legal title to and beneficial interest in all outstanding shares of capital stock of NYL CapCo.

The support agreement also indicates that New York Life will, at all times, cause NYL CapCo to have a tangible net worth of at least $1. Support for the rating includes a $1.25 billion backup source of liquidity in the form of a credit agreement.

Hybrids — Equity/Debt Treatment

Hybrids Treatment Summary

Hybrid	Amount ($ Mil.)	CAR Fitch %	CAR Reg. Override %	FLR Debt %
Surplus Notes due 2039	1,000	0	100	100
Surplus Notes due 2033	1,000	0	100	100

CAR — Capital adequacy ratio. FLR — Financial leverage ratio. Note: CAR % shows a portion of hybrid value included as available capital, both before (Fitch %) and after regulatory override. For FRL, % shows a portion of hybrid value included as debt in numerator of leverage ratio.

Criteria Variations

None.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.