

AM Best Update

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Market Segment Outlook – US Life & Annuity

AM Best is maintaining a Stable outlook for the US Life & Annuity segment, based on the following factors:

- High levels of risk-based capitalization and favorable earnings
- Strong liquidity profiles
- Product de-risking and regular stress testing as part of improvements to risk management practices
- Pricing discipline, with robust sales of new business in both life and annuity products

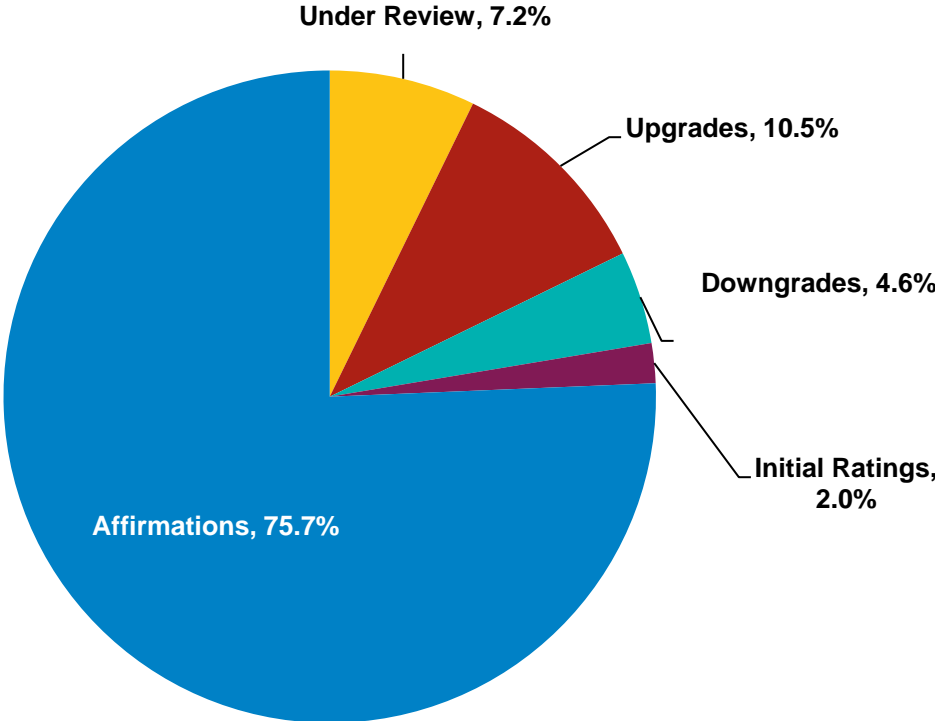
Market Segment Outlook – US Life & Annuity

Factors partially offsetting these positives include the following:

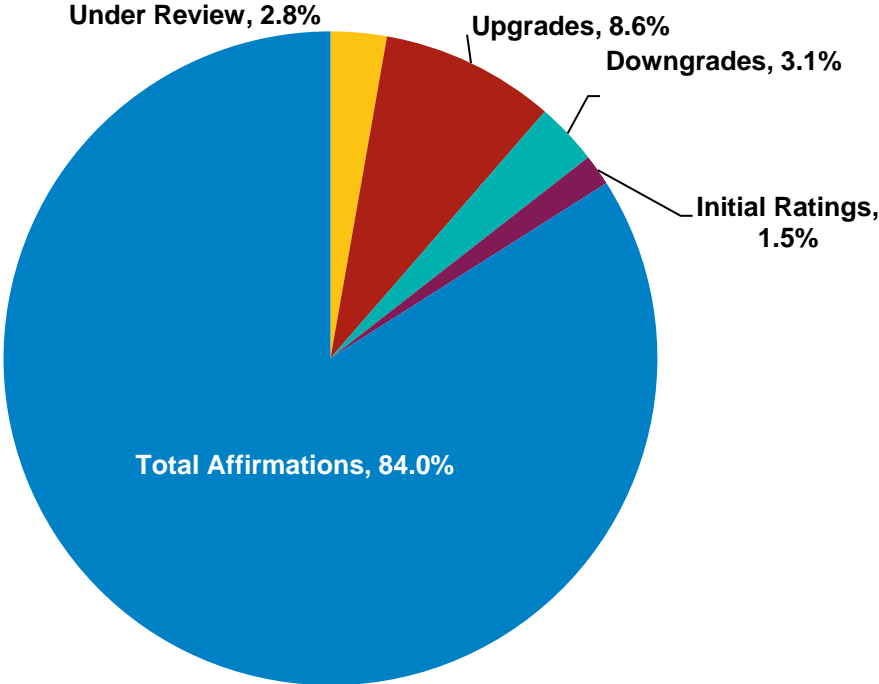
- Market volatility in the US and global economies, including rapidly rising interest rates and inflation
- Significant exposures to structured securities, private debt and real estate
- The war for talent amid labor shortages and flexible work alternatives
- Legacy liabilities in risky product offerings, including long-term care, universal life with secondary guarantees and variable annuities with living benefits

US Life/Health Rating Activity

US Life/Health – Issuer Credit Rating Activity
% of all Rating Units, First Half 2022



US Life/Health – Issuer Credit Rating Activity
% of all Rating Units, 2020

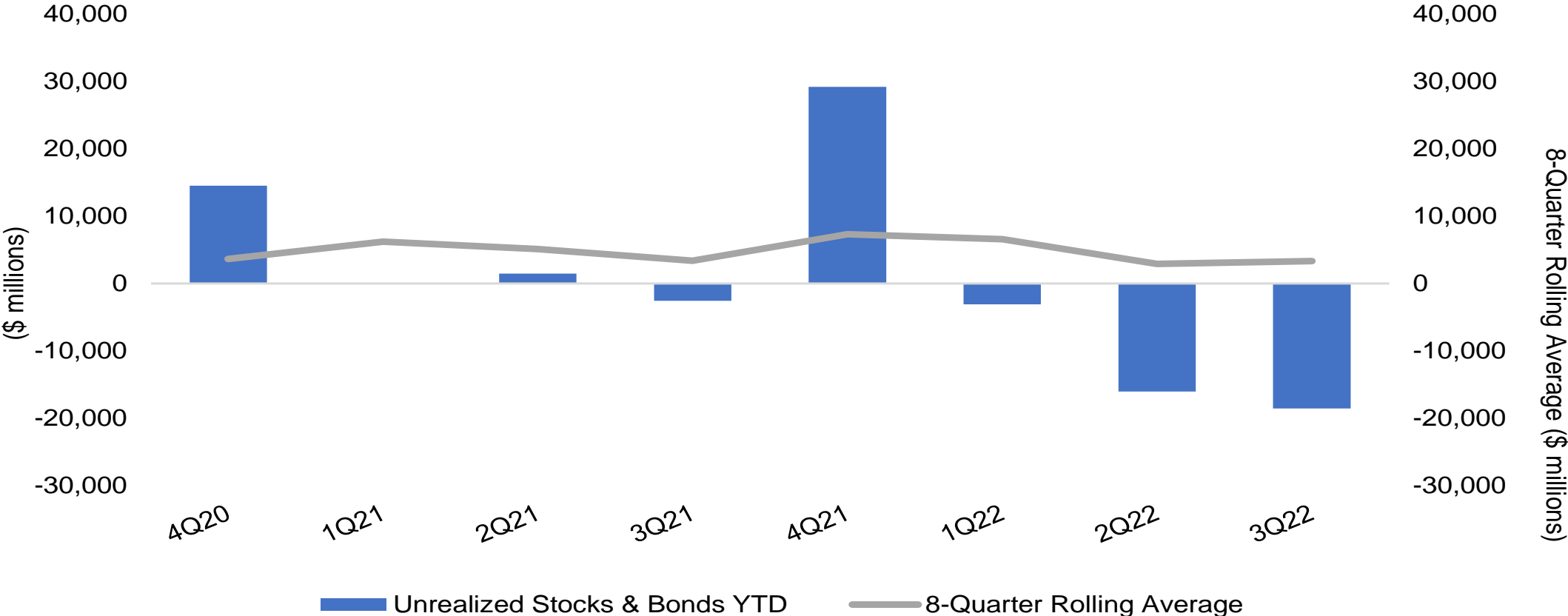


Source: AM Best data and research



Balance Sheet – Unrealized Gain/Loss

US Life/Annuity – Bond and Stock Unrealized Gains/Losses, 4Q20-3Q22



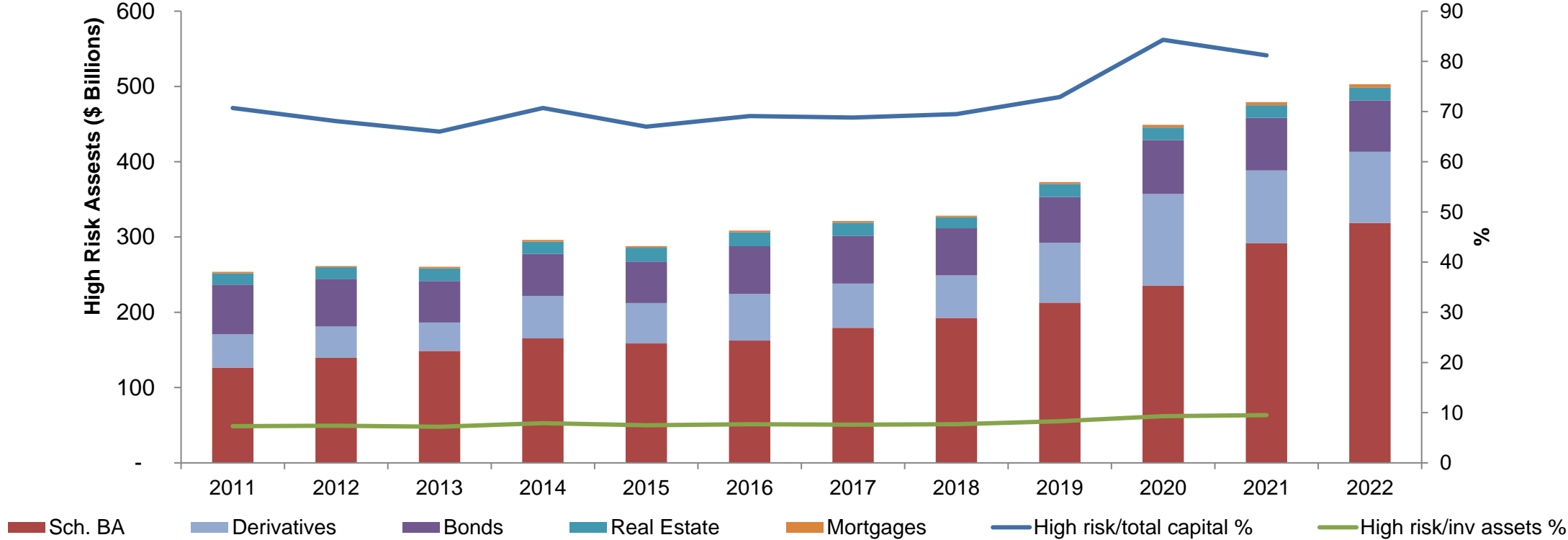
Source: AM Best data and research

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High Risk Exposure

US Life/Annuity - High Risk Asset Exposure



Source:

Our Insight, Your Advantage™



Q&A

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