

# **AM Best Update**

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**Presentation to the Federal Insurance Office**  
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# Market Segment Outlook – US Life & Annuity

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**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

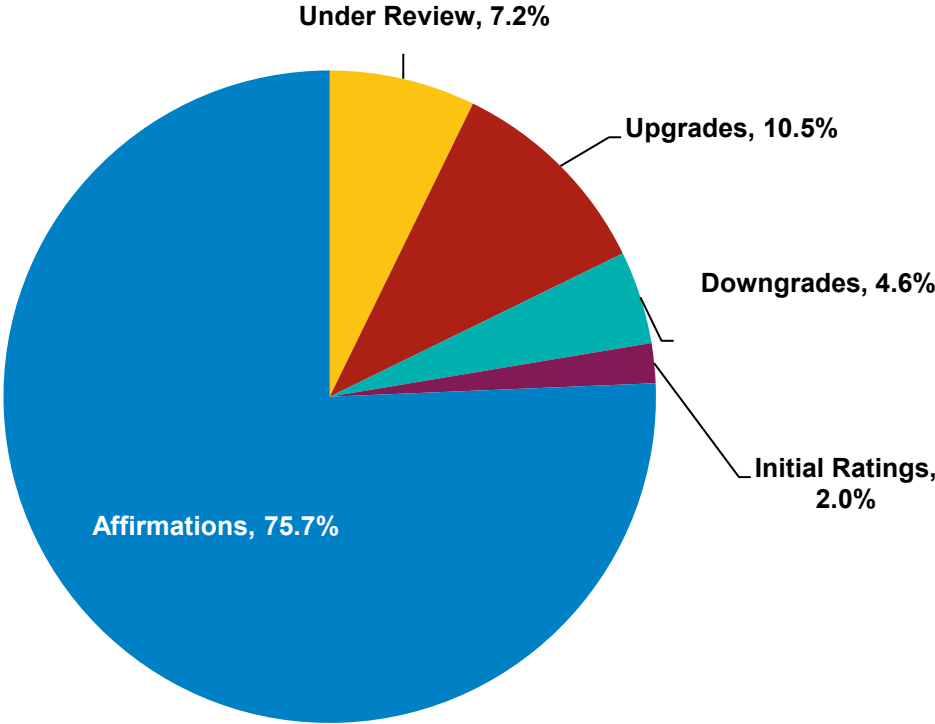
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## Factors partially offsetting these positives include the following:

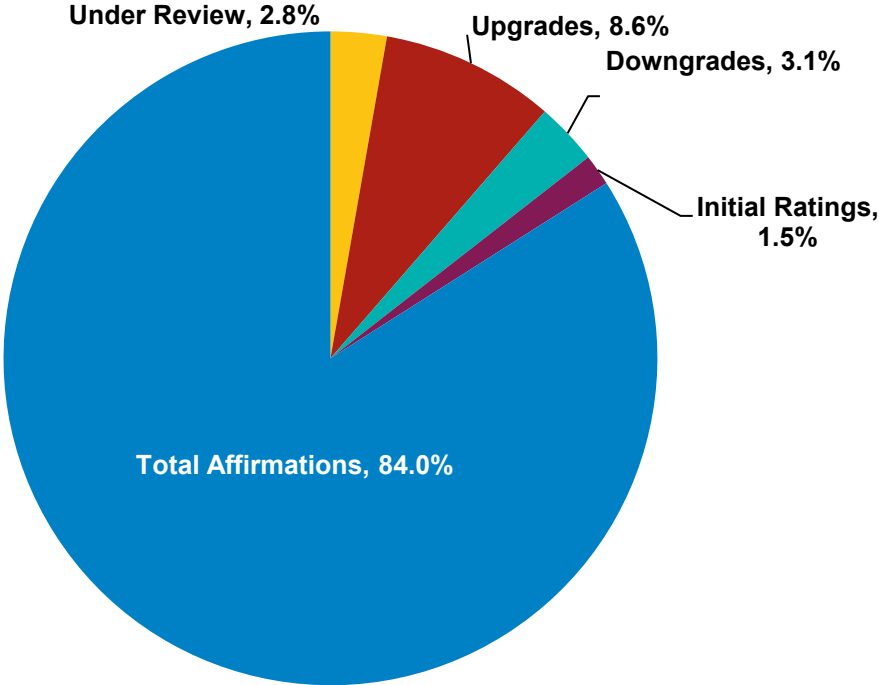
- Market volatility in the US and global economies, including rapidly rising interest rates and inflation
- Significant exposures to structured securities, private debt and real estate
- The war for talent amid labor shortages and flexible work alternatives
- Legacy liabilities in risky product offerings, 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**



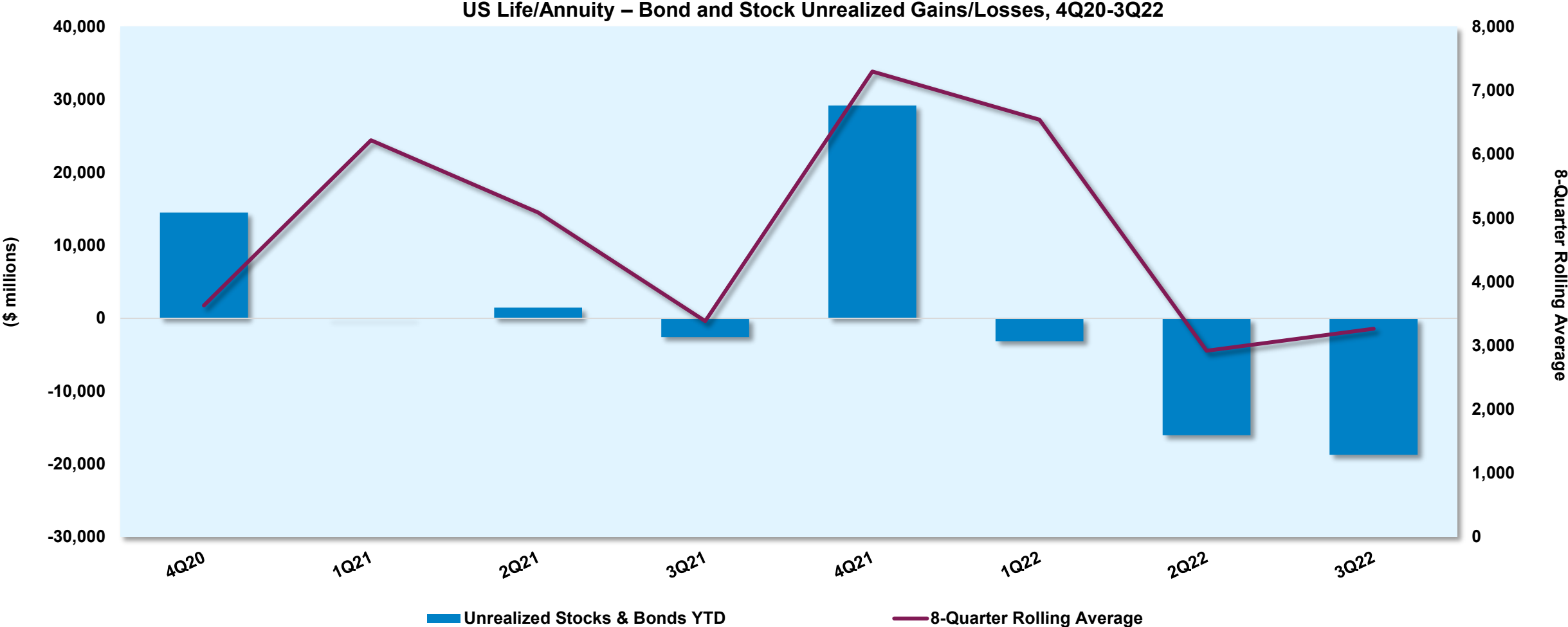
**US Life/Health – Issuer Credit Rating Activity  
% of all Rating Units, 2020**



Source: AM Best data and research



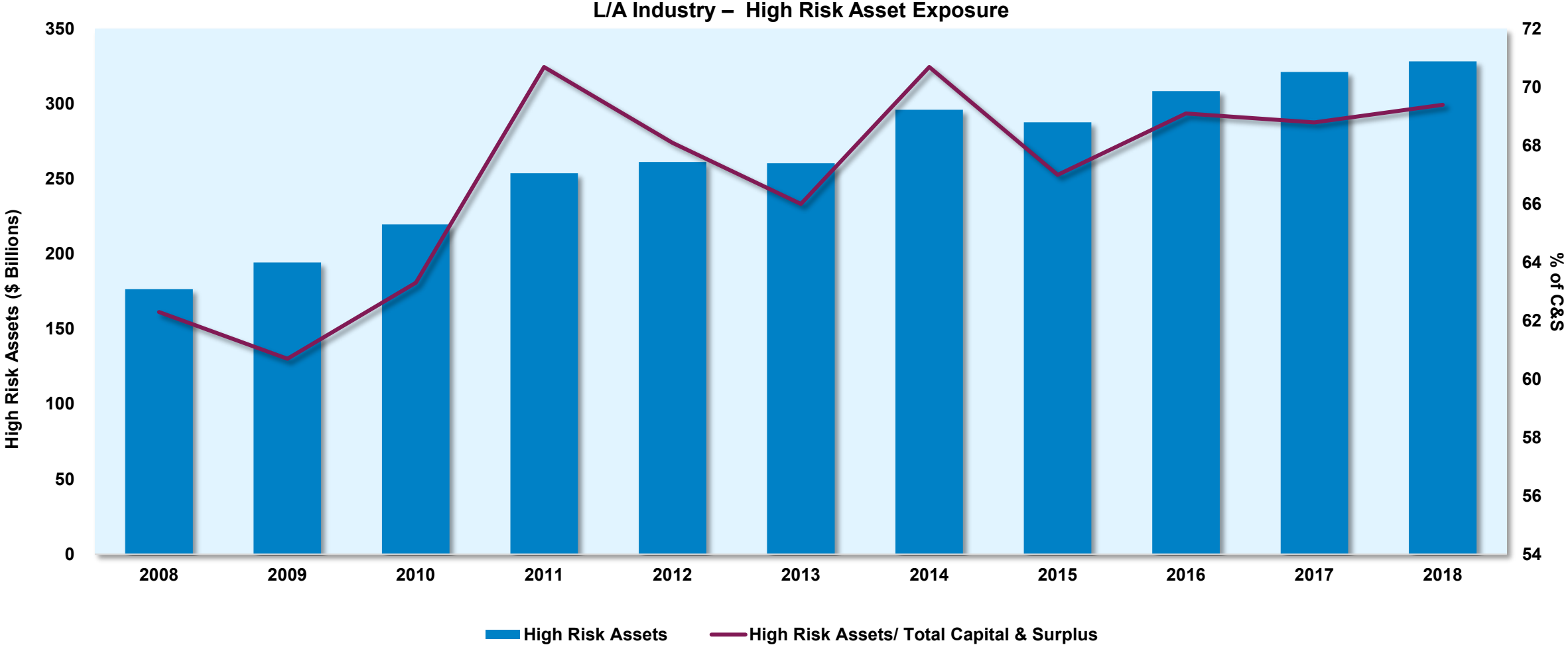
# Balance Sheet – Unrealized Gain/Loss



Source: AM Best data and research



# High Risk Exposure



Source: AM Best data and research



# Q&A

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