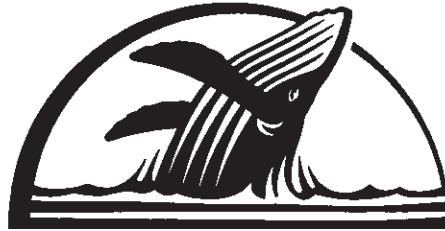




BEST'S COMPANY REPORT



PACIFIC LIFE

PACIFIC LIFE GROUP

AMB #: 069720

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

PACIFIC LIFE INSURANCE COMPANY

A+

Domiciliary Address: 6750 Mercy Road, Omaha, Nebraska 68106 United States

Administrative Office: 700 Newport Center Drive, Newport Beach, California 92660-6397
United States

AMB #: 006885

NAIC #: 67466

FEIN #: 95-1079000

Phone: +1-949-219-3011

Fax: +1-949-644-6417

Website: www.pacificlife.com



Best's Credit Rating Effective Date

July 21, 2023

Analytical Contacts

Louis Silvers
Senior Financial Analyst
Louis.Silvers@ambest.com
+1(908) 439-2200 Ext. 5802

Jacqalene Lentz, CPA
Director
Jacqalene.Lentz@ambest.com
+1(908) 439-2200 Ext. 5762

Information

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

Financial Data Presented

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See [list of companies](#) for details of rating unit members and any such included and/or excluded entities.

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Pacific Life Group

AMB #: 069720

Associated Ultimate Parent: AMB # 050799 - Pacific Mutual Holding Company

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

<p>A+</p> <p>Superior</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Issuer Credit Rating (ICR)

<p>aa</p> <p>Superior</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Assessment Descriptors

Balance Sheet Strength	Strongest
Operating Performance	Strong
Business Profile	Favorable
Enterprise Risk Management	Very Strong

Rating Unit - Members

Rating Unit: Pacific Life Group | **AMB #:** 069720

AMB # 009156 **Rating Unit Members** Pacific Life & Annuity Co

AMB # 006885 **Rating Unit Members** Pacific Life Insurance Company

Rating Rationale

Balance Sheet Strength: Strongest

- Pacific Life Group continues to maintain very strong levels of risk-based capital, as measured by Best's Capital Adequacy Ratio (BCAR).
- Pacific Life Group's balance sheet is driven by a robust asset/liability program, which is designed to maintain strong liquidity in stressed scenarios.
- There has been a trend of de-risking the product liability structure, which supports a more consistent view of capital.

Operating Performance: Strong

- Earnings profile that has demonstrated underwriting performance across different business segments and growth in net premium over the long term.
- Impact from excess mortality declined in 2022.
- Product sales growth has outpaced the overall industry in the group's core life and annuity products.

Business Profile: Favorable

- Pacific Life Group is a market leader in several product lines, which are supported by a solid distribution system.
- The group utilizes a variety of independent agents, financial advisors, banks, and registered representatives for new business sales and does not depend on any single channel.
- High persistency among policyholders provides for a more stable and long-term profile for all constituents.

Enterprise Risk Management: Very Strong

- Enterprise risk management (ERM) is embedded and formalized throughout the entire organization through both quantitative and qualitative methods.
- The group utilizes an economic capital model as a means to manage and communicate risk throughout the organization and is supported by strong and consistent quantitative modeling and monitoring for business segments, product lines and balance sheet exposures.
- The group continuously enhances its ERM program and makes appropriate changes as needed based on stated risk management preferences. Stress scenarios are regularly run and results monitored.

Outlook

- The stable outlooks reflect the expectation that the group will maintain a balance sheet strength assessment at least at very strong levels over the intermediate term, supported by risk-adjusted capitalization at very strong to strongest levels, as measured by BCAR, while maintaining favorable market positions, operating profitability, and very strong ERM practices.

Rating Drivers

- Negative rating action could occur if there is a significant and/or sustained decline in balance sheet strength.
- Negative rating action could occur if there is a sustained decline in operating performance.

Key Financial Indicators

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	47.9	31.0	24.4	22.7

Source: Best's Capital Adequacy Ratio Model - L/H, US

Key Financial Indicators USD (000)	3-Months		Year End - December 31				
	2023	2022	2022	2021	2020	2019	2018
Assets:							
General Account	128,720,014	116,398,028	125,664,657	112,218,721	100,474,762	92,710,083	81,870,644
Separate Accounts	63,552,023	69,188,078	61,545,188	73,932,560	66,482,251	60,191,610	53,708,584
Total	192,272,037	185,586,105	187,209,845	186,151,281	166,957,014	152,901,693	135,579,228
Liabilities:							
Net Life Reserves	86,801,916	80,888,979	84,918,623	80,809,628	76,006,087	72,157,293	63,973,186
Net Accident & Health Reserves	15,219	16,062	14,671	16,311	16,881	17,855	18,873
Liability for Deposit Contracts	20,665,601	14,944,623	19,521,505	12,058,189	7,142,811	4,935,528	4,424,827
Asset Valuation Reserve	1,198,056	1,077,630	1,173,206	1,203,698	473,452	746,577	965,016
Other General Account	8,320,594	8,070,703	8,334,958	6,777,691	5,471,338	4,343,228	2,797,308
Total	180,553,410	174,186,073	175,508,151	174,798,077	155,592,820	142,392,092	125,887,794
Total Capital and Surplus	11,718,627	11,400,032	11,701,694	11,353,204	11,364,193	10,509,601	9,691,434
Net Income	-4,532	624,194	133,213	851,394	-131,336	1,707,647	887,915
Net Premiums Earned	4,420,418	2,800,880	15,497,211	14,567,265	12,212,656	14,007,173	12,799,083
Net Investment Income	977,182	944,963	3,625,240	3,434,448	3,382,222	4,004,391	2,955,902

Source: BestLink® - Best's Financial Suite

Key Financial Ratios (%)	3-Months		Year End - December 31					Weighted Average
	2023	2022	2022	2021	2020	2019	2018	
Operating Return on Revenue	-5.3	8.7	5.4	-3.8	...	4.6	5.8	2.4
Operating Return on Capital and Surplus	-10.3	12.5	9.5	-6.5	-0.1	8.6	10.0	4.1
Net Investment Yield	3.1	3.4	3.1	3.3	3.6	4.7	3.9	3.7
Pre-Tax Investment Total Return	4.0	2.4	2.1	5.2	3.3	5.2	4.2	3.9

Source: BestLink® - Best's Financial Suite

Leverage (%)	3-Months		Year End - December 31				
	2023	2022	2022	2021	2020	2019	2018
General Account Liabilities to Capital and Surplus	10.0	9.2	9.7	8.9	7.8	7.8	7.4
Higher Risk Assets to Capital and Surplus:							
Mortgages Not in Good Standing	...	...	0.3	0.2	0.2	0.2	0.2
All Other Higher Risk Assets	119.1	95.4	118.4	90.2	71.5	60.7	73.5

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	3-Months		Year End - December 31				
	2023	2022	2022	2021	2020	2019	2018
Current Liquidity (%)	71.1	71.6	71.3	73.0	73.8	75.0	72.7
Net Operating Cash Flow USD (000)	1,305,551	146,815	6,188,245	4,020,150	3,645,016	9,762,149	6,819,422

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Pacific Life's general account invested assets totaled approximately \$122 billion at year-end 2022. Invested assets are primarily comprised of public/private corporate and government bonds (65% of invested assets), commercial mortgage loans (16%), policy loans (6%), and cash and other short-term investments (1%). Approximately 11% of the bond portfolio consisted of loan backed or structured securities, and Pacific Life has also allocated a portion of its surplus in equity investments, including private equity and real estate equity.

Pacific Life proactively manages its investment portfolio to maintain a favorable liquidity position. The company's strong cash flows and stable liability structure have historically provided significant liquidity benefits. Pacific Life's relatively higher proportion of policy loans results in a lower than average allocation to fixed income investments; However, the company does maintain a portfolio of short-term instruments to meet unexpected cash outflows, such as U.S. Treasuries and marketable long-term fixed maturity securities (including 144A securities). In addition to short-term liquid securities, Pacific Life retains additional backup liquidity in the form of internal funding

Balance Sheet Strength (Continued...)

mechanisms and third party sources which is viewed as more than adequate to fund liquidity needs in a stressed economic/liquidity scenario.

Pacific Life Insurance Company (PLIC) maintains a \$1 billion commercial paper program, utilized from time to time for short-term liquidity needs. PLIC is also a member of the Federal Home Loan Bank (FHLB) of Topeka where it has additional funding borrowing capacity against pledged collateral.

Pacific Life & Annuity Co (PL&A) has in place an Advances and Security agreement with Federal Home Loan Bank of San Francisco (FHLBSF) which expands financing availability from FHLBSF. This agreement had no amounts outstanding as part of this program at year-end.

In June 2021, Pacific Life amended and extended two existing revolving credit facilities for Pacific LifeCorp and Pacific Life Insurance Company into a single unified \$1 billion, five-year, co-borrowed revolving credit facility (RCF), maturing June 2026. The unified RCF replaced standalone five-year revolving credit facilities of \$600 million and \$400 million for Pacific LifeCorp and Pacific Life Insurance Company.

Given its current composition of liabilities, A.M. Best believes the company's existing asset allocation provides strong liquidity protection under various stress scenarios to meet its cash flow needs.

Capitalization

Pacific Life's capital and surplus was relatively flat at \$11.7 billion at year-end 2022 compared to \$11.4 billion at year-end 2021. PLIC's risk adjusted capitalization levels declined slightly in 2022 due to business growth and market volatility. A.M. Best notes that Pacific Life's risk-based capitalization ratios can exhibit some volatility due to market risk in its variable annuity business. However, over recent years, volatility has decreased due to mitigation strategies. As part of its overall Enterprise Risk Management program, PLIC runs multiple stress scenarios in which it maintains RBC well above regulatory action levels.

Pacific Life's TAC has grown significantly in recent years through organic earnings growth from positive statutory operations.

No new senior notes were issued in 2021, PLC issued \$750 million of senior notes in 2022.

Capital Generation Analysis USD (000)	3-Months		Year End - December 31				
	2023	2022	2022	2021	2020	2019	2018
Beginning Capital and Surplus	11,701,694	11,353,204	11,353,204	11,364,193	10,509,601	9,691,434	9,312,882
Net Operating Gain	-300,965	354,648	1,099,486	-732,943	-7,930	871,468	947,163
Net Realized Capital Gains (Losses)	296,432	269,546	-966,273	1,584,336	-123,406	836,179	-59,248
Net Unrealized Capital Gains (Losses)	-21,791	-553,836	-136,601	330,941	-171,658	-547,548	248,697
Net Change in Paid-In Capital and Surplus	39	47	613,944	188	594,230	188	188
Stockholder Dividends	...	...	...	-450,000	...	-650,000	...
Other Changes in Capital and Surplus	43,218	-23,577	-262,066	-743,512	563,356	307,878	-758,248
Net Change in Capital and Surplus	16,933	46,828	348,490	-10,989	854,592	818,166	378,552
Ending Capital and Surplus	11,718,627	11,400,032	11,701,694	11,353,204	11,364,193	10,509,601	9,691,434
Net Change in Capital and Surplus (%)	0.1	0.4	3.1	-0.1	8.1	8.4	4.1
Net Change in Capital and Surplus (5 yr CAGR)	...	...	4.7	...	...	...	...

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

On a statutory basis, Pacific Life's bond portfolio, as of year-end 2022, included 5.6% in below investment grade securities (BIG) bonds, and the overall bond portfolio represented roughly 66% of general account invested assets. While the percentage invested in below investment grade bonds is below industry average, its exposure to NAIC class 2 bonds (51%) is elevated relative to the industry, though down from 2021 levels (54%). The corporate bond portfolio has global diversification in primarily developed economies outside of the U.S.

Pacific Life's structured security portfolio includes residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS). The vast majority of RMBS is invested in prime non-government agency backed bonds with modest amounts of sub-prime and Alt A investments.

Balance Sheet Strength (Continued...)

The commercial mortgage portfolio represents 15% of assets and the amount of direct real estate investments is minimal. The company maintains a well-diversified mortgage loan and real estate portfolio diversified among apartment complexes, office buildings, resorts, retail properties and hotels with modest amounts of mixed use, industrial and mobile home communities.

Composition of Cash and Invested Assets	3-Months		Year End - December 31				
	2023	2022	2022	2021	2020	2019	2018
Total Cash and Invested Assets USD (000)	125,303,283	112,371,724	121,888,060	108,391,609	97,293,299	90,525,964	79,291,303
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	0.8	0.5	1.0	1.0	2.2	4.2	0.8
Bonds	64.9	65.4	64.7	66.2	64.9	63.2	64.6
Stocks	0.1	0.1	0.1	...	...	...	...
Mortgage Loans	14.9	14.9	15.4	14.5	15.2	15.1	15.7
Other Invested Assets	14.0	14.8	13.5	14.2	13.7	13.8	13.7
Total Unaffiliated	94.7	95.7	94.7	95.9	96.1	96.3	94.9
Investments in Affiliates	5.7	4.7	5.8	4.4	4.2	4.0	8.1
Non-Admitted	-0.4	-0.4	-0.4	-0.4	-0.3	-0.2	-0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Bonds and Short Term Investments - Distribution by Maturity (%)	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Government Bonds	0.1	0.9	0.4	0.1	0.4	8.9
Government Agencies and Municipal Bonds	0.1	0.3	0.4	0.9	2.2	18.5
Industrial and Miscellaneous Bonds	4.5	32.9	29.9	12.4	14.4	9.3
Bank Loans	0.3	1.3	0.5	0.1	...	4.2
Hybrid Securities	...	...	...	...	...	19.3
Affiliated Bonds	...	...	...	...	...	7.0
Total Bonds	4.7	34.1	30.7	13.5	16.9	9.6

Source: BestLink® - Best's Financial Suite

Bonds - Distribution by Issuer	Year End - December 31				
	2022	2021	2020	2019	2018
Bonds USD (000)	78,878,524	71,879,806	63,259,131	57,288,605	51,331,143
US Government (%)	1.0	2.3	1.3	1.6	1.2
Foreign Government (%)	0.8	1.0	0.9	0.9	1.2
Foreign - All Other (%)	26.0	23.7	22.9	22.8	24.3
State, Municipal & Special Revenue (%)	3.9	3.6	4.6	3.8	3.0
Industrial & Miscellaneous (%)	68.2	69.2	70.1	70.8	69.8
Hybrid Securities (%)	...	0.1	...	...	0.4
Affiliated (%)	...	0.2	0.1	0.1	0.2
Total Bonds (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Holding Company Assessment

Pacific Life Group has an intermediate holding company Pacific LifeCorp which is rated, with an ultimate holding company, Pacific Mutual Holding Company (PMHC, not rated). Pacific LifeCorp had \$3.7 billion of financial debt as of year-end 2022, \$1.6 billion of which was issued by PLIC in the form of surplus notes. PMHC maintained consolidated financial Leverage ratio of 21.1% at year-end 2022.

Balance Sheet Strength (Continued...)

Financial Leverage Summary - Holding Company

Financial Leverage Ratio (%)	21.10
Adjusted Financial Leverage Ratio (%)	21.10
Interest Coverage (x)	8.60

Operating Performance

On a statutory basis, total revenue increased to \$20.2 billion, or 6%, in 2022. Net premiums increased to \$15.5 billion (6% over 2021 levels).

Statutory net income was \$133 million in 2022, compared to \$851 million in 2021, \$-131 million in 2020, \$1,708 million in 2019 and \$888 million in 2018.

Consolidated GAAP net income totaled \$769 million in 2022. \$1.1 billion in 2021, -\$669 million in 2020, \$728 million in 2019 and approximately \$916 million in 2018. Each of the major segments (Life Insurance, Retirement Solutions, Institutional, and Reinsurance) had positive results in 2022. The Life Insurance and Retirement Solutions segments were subsequently combined into Pacific Life's new Consumer Markets Division in 2023.

The Consumer Markets Division (CMD) provides a broad range of life insurance products (interest sensitive and traditional) through multiple distribution channels in the upper income, broad-term and corporate markets. CMD also includes variable and fixed annuities, mutual funds, and structured settlements offered through multiple distribution channels.

The Institutional segment includes including pension risk transfer, as well as spread businesses such as stable value and funding agreement backed notes.

The Reinsurance segment includes a global mix of mortality, morbidity and longevity business. The segment includes the domestic retrocession business which was acquired from Manulife Financial Corporation in 2011.

The group continues to grow and diversify its individual life, annuity, reinsurance and institutional businesses. Also, Pacific Life offers a wide range of individual annuities including variable annuities, fixed annuities and structured settlements. AM Best favorably views the diversified mix of product as it serves to reduce the group's earnings sensitivity to equity market fluctuations.

Net Operating Gain By LOB USD (000)	Year End - December 31				
	2022	2021	2020	2019	2018
Individual Life	466,271	-1,135,519	-757,535	-585,666	280,922
Group Life	-10	262	184	205	198
Individual Annuities	494,834	155,999	552,243	235,931	367,803
Group Annuities	24,928	172,522	55,792	57,158	78,233
Accident & Health	432	203	-529	-639	-235
Other Lines of Business	136,853	157,773	191,739	1,146,648	220,243
YRT Mortality Risk Only	-23,822	-84,182	-49,824	17,832	...
Total	1,099,486	-732,943	-7,930	871,468	947,163

Source: BestLink® - Best's Financial Suite

Accident & Health Statistics	Year End - December 31				
	2022	2021	2020	2019	2018
Net Premiums Written USD (000)	2,023	2,491	1,333	1,564	1,150
Net Premiums Earned USD (000)	2,023	2,491	1,333	1,564	1,150
Claims and Cost Containment Ratio (%)	70.5	83.7	174.3	150.0	117.3
Expense Ratio (%)	3.7	18.0	0.2	7.3	8.4
Combined Ratio (%)	74.2	101.7	174.4	157.3	125.7
Underwriting Results USD (000)	523	-44	-992	-897	-295

Source: BestLink® - Best's Financial Suite

Business Profile

PLIC operates in conjunction with its subsidiary, PL&A, and is collectively referred to as Pacific Life. Pacific Life and affiliates have primary business operations consisting of life insurance, reinsurance, individual annuities, mutual funds, investment related products and institutional products. PLIC is owned by Pacific LifeCorp, an intermediate holding company whose ultimate parent is Pacific Mutual Holding Company. Primary business reporting segments for Pacific LifeCorp include the Consumer Markets Division (CMD), (which replaced the Life Insurance Division (LID) and Retirement Solutions Division (RSD)), as well as the Institutional Division and the Reinsurance Division, which includes the international reinsurance operations of Pacific Life Re Global Limited, an affiliate of PLIC and a wholly owned subsidiary of Pacific LifeCorp and the life retrocession business. A final segment is the Corporate and Other segment. Beginning in 2020, the company established a new Institutional Division which focuses on pension risk transfer solutions as well as stable value wrap and spread lending products.

CMD's principal life products include IUL, UL, VUL, interest-sensitive whole life, survivor life, term life and corporate-owned life insurance (COLI). The company's continuing success in the individual life insurance market stems from diversified product offerings, a focus on key market segments, diversified, highly professional distribution sources, and an excellent producer and policy owner service platform. This combination has allowed the company to build a stable and profitable book of business over the years. The company's multi-channel life distribution system includes regional life offices, the M Financial producer group, independent marketing organizations, and institutional accounts. The institutional accounts distribution focuses on national and regional wirehouses, as well as banks and other joint marketing organizations. Pacific Life's strategy has been to focus on expanding its present distribution systems, continuing to address the changing needs of the high net worth and corporate markets, and broadening market share in the upper middle-income market. In June 2016, the Company acquired a term insurance technology platform from Genworth Financial Inc., which is allowing Pacific Life to expand beyond its historically affluent and corporate customer base.

CMD also develops and markets a diversified range of competitive fixed and variable annuities, mutual funds and structured settlement products, to individuals and businesses through a diverse wholesaler network consisting of regional and national wirehouses, financial institutions, independent planners and settlement firms.

A broad range of both name-brand funds and proprietary fund selections are offered through its variable annuity and mutual fund products. CMD is positioned to meet a variety of retirement needs including wealth planning, wealth accumulation, retirement and retirement income management through its ability to continue providing value-added products and services, characterized by a strong customer and producer service orientation. The variable annuity products include institutional money management, asset allocation strategies and asset-based compensation, with an emphasis on service. Variable annuity products are sold with and without riders and the company has demonstrated progress in diversifying its overall annuity product mix. Pacific Life has successfully diversified its individual annuity product offerings through the continued development and enhancement of the company's suite of fixed products, resulting in strong fixed annuity sales over the past several years. Fixed annuity products now include book value, market value adjustment, indexed and immediate annuity options.

The Institutional Division offers a competitive suite of products including pension risk transfer, as well as spread businesses such as stable value and funding agreement backed notes. Pacific Life ranked among the top ten in stable value, pension risk transfer sales and funding agreement backed note issuances.

The Reinsurance segment offers a comprehensive range of wholesale life risk management products in the United Kingdom, Ireland, Asia, Australia, and North America. The Reinsurance segment specializes in term life, critical illness, income protection, and annuity businesses. Also included in the Reinsurance segment is the international reinsurance operations of Pacific Life Re Global Limited, an affiliate of PLIC and a wholly owned subsidiary of Pacific LifeCorp. The protection business consists of mortality and morbidity risks written in North America, UK and Ireland, and Asia, as well as protection reinsurance of both retail insurance products and insurance provided through large superannuation funds (group insurance) written in Australia. The longevity business comprises both longevity swap and asset backed longevity risk transfer business, mainly in the UK.

2022 By Line Business	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	USD (000)	%	USD (000)	%	USD (000)	%	USD (000)	%	%
Ordinary Life	4,775,933	28.4	637,160	51.5	1,243,036	48.5	4,170,057	26.9	77.0
Group Life	...	...	...	...	24	...	-24	...	...
Individual Annuities	10,419,663	61.9	13,916	1.1	1,318,270	51.5	9,115,309	58.8	87.4
Group Annuities	1,624,693	9.7	585,152	47.3	...	...	2,209,845	14.3	100.0
Individual Accident & Health	...	...	2,023	0.2	...	...	2,023	...	100.0
Total	16,820,289	100.0	1,238,252	100.0	2,561,329	100.0	15,497,211	100.0	85.8

Source: BestLink® - Best's Financial Suite

Business Profile (Continued...)

Year End - December 31

Geographic Breakdown by Direct Premiums Written and Deposit-Type Contracts USD (000)

	2022	2021	2020	2019	2018
California	2,785,212	1,599,861	1,427,282	1,810,231	1,621,959
Utah	2,087,609	1,646,709	88,036	189,631	199,597
Missouri	1,807,459	350,861	299,508	310,443	225,120
Texas	1,582,138	1,101,415	891,662	1,214,305	1,044,726
Florida	1,315,837	1,040,907	861,822	1,031,530	895,868
Top 5 States	9,578,255	5,739,755	3,568,310	4,556,140	3,987,270
All Other	10,455,294	10,219,767	9,693,591	10,711,811	10,001,072
Total	20,033,549	15,959,522	13,261,901	15,267,950	13,988,341
Geographic Concentration Index	0.06	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

Pacific Life has a formalized and well-defined enterprise-level risk framework, with committees attended by senior management. Key risks managed within the ERM program include interest rate, equity, credit, insurance, liquidity, model, operational and emerging risks. The principal objective of the ERM program is to enable Pacific Life to grow and prosper, regardless of the economic environment, by ensuring that risks are identified, understood, and well managed. The ERM framework defines objectives, establishes risk appetites and tolerances, specifies practices for risk management and provides transparency of risk throughout the organization. The ERM group along with senior management monitors key risks and reports to the board of directors on a quarterly basis, or more frequently if needed. Business segments, in coordination with ERM, define and execute risk management for their operations. Equity and interest rate risks are the greatest exposures with credit risk being smaller. Pacific Life manages its significant equity market risk through a combination of product design, customer asset allocation, and hedging programs that focus on mitigating GAAP income volatility and preserving statutory capital. Interest rate risk is managed by separate product portfolios with clear duration targets and interest rate guidelines. Mortality, longevity and lapse risks are managed through product design, underwriting, monitoring and reinsurance. The company also has an information security program to protect against current and emerging risks that is linked to their business strategy, drivers, objectives, and processes.

The Company continuously monitors the results of their dynamic ERM program and makes continuous improvements relative to stated risk management preferences and risk limits based on the market and economic environment, and hedging effectiveness results as necessary. The company also employs an economic capital model to aid in understanding its risk profile, integrated into certain product pricing activity, and capital allocation. The economic capital model has been reviewed by independent consultants.

Reinsurance Summary

Pacific Life company is not overly reliant on reinsurance. Reinsurance leverage is approximately 56% (2022). The company mostly utilizes reinsurers that are rated between A- and A+ on A.M. Best's FSR scale (one reinsurer is Not Rated).

Environmental, Social & Governance

Pacific Life's ESG risk is considered low. On an underwriting basis, environmental, social and governance risk is low. On the investment side, current allocation contains no large concentration in securities that are backed by assets that could have ESG risk potential. On a forward looking basis, ESG factors are unlikely to impact the credit quality of the company over the short term. ESG developments are regularly monitored by the company

Financial Statements

	3-Months		Year End - December 31			
	2023		2022		2021	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	1,035,029	0.5	1,221,272	0.7	1,066,926	0.6
Bonds	81,362,578	42.3	78,878,524	42.1	71,879,806	38.6
Preferred and Common Stock	216,452	0.1	204,611	0.1	170,333	0.1
Other Invested Assets	42,689,224	22.2	41,583,653	22.2	35,274,545	18.9
Total Cash and Invested Assets	125,303,283	65.2	121,888,060	65.1	108,391,609	58.2
Premium Balances	187,135	0.1	193,014	0.1	156,049	0.1
Net Deferred Tax Asset	435,320	0.2	351,078	0.2	477,975	0.3
Other Assets	2,794,276	1.5	3,232,505	1.7	3,193,088	1.7
Total General Account Assets	128,720,014	66.9	125,664,657	67.1	112,218,721	60.3
Separate Account Assets	63,552,023	33.1	61,545,188	32.9	73,932,560	39.7
Total Assets	192,272,037	100.0	187,209,845	100.0	186,151,281	100.0
Net Life Reserves	86,801,916	45.1	84,918,623	45.4	80,809,628	43.4
Net Accident & Health Reserves	15,219	...	14,671	...	16,311	...
Liability for Deposit Contracts	20,665,601	10.7	19,521,505	10.4	12,058,189	6.5
Asset Valuation Reserve	1,198,056	0.6	1,173,206	0.6	1,203,698	0.6
Other Liabilities	8,320,594	4.3	8,334,958	4.5	6,777,691	3.6
Total General Account Liabilities	117,001,386	60.9	113,962,963	60.9	100,865,517	54.2
Separate Account Liabilities	63,552,023	33.1	61,545,188	32.9	73,932,560	39.7
Total Liabilities	180,553,410	93.9	175,508,151	93.7	174,798,077	93.9
Capital Stock	30,000	...	30,000	...	30,000	...
Paid-In and Contributed Surplus	2,535,789	1.3	2,535,789	1.4	1,835,789	1.0
Unassigned Surplus	7,267,034	3.8	7,128,009	3.8	7,690,120	4.1
Other Surplus	1,885,805	1.0	2,007,897	1.1	1,797,295	1.0
Total Capital and Surplus	11,718,627	6.1	11,701,694	6.3	11,353,204	6.1
Total Liabilities, Capital and Surplus	192,272,037	100.0	187,209,845	100.0	186,151,281	100.0

Source: BestLink® - Best's Financial Suite

Income Statement USD (000)	3-Months		Year End - December 31	
	2023	2022	2022	2021
Net Premiums Earned:				
Individual Life	...	...	3,894,638	3,702,441
Group Life	...	...	-24	-22
Individual Annuities	...	...	9,115,309	7,284,204
Group Annuities	...	...	2,209,845	3,416,190
Accident & Health	...	...	2,023	2,491
YRT Mortality Risk Only	...	...	275,420	161,961
Total Net Premiums Earned	4,420,418	2,800,880	15,497,211	14,567,265
Net Investment Income	977,182	944,963	3,625,240	3,434,448
Reserve Adjustments on Reinsurance Ceded	-152,515	-121,945	-449,801	-677,295
Other Income	450,384	434,579	1,568,913	1,748,815
Total Revenue	5,695,469	4,058,478	20,241,563	19,073,233
Policy Benefits	5,815,619	3,190,184	16,552,170	17,153,147
Commissions and Expense Allowances	286,793	270,105	1,103,066	1,036,067
Insurance and Other Expense	311,191	293,855	1,238,211	1,104,207
Net Transfers to (from) Separate Accounts	-437,808	-80,880	229,447	288,308
Dividends to Policyholders	2,178	2,117	7,753	8,178
Pre-Tax Net Operating Gain	-282,503	383,096	1,110,915	-516,674
Income Taxes Incurred	18,462	28,449	11,430	216,269
Net Operating Gain	-300,965	354,648	1,099,486	-732,943
Net Realized Capital Gains	296,432	269,546	-966,273	1,584,336
Net Income	-4,532	624,194	133,213	851,394

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	3-Months		Year End - December 31	
	2023	2022	2022	2021
Net Premiums Collected	4,425,354	2,708,839	15,456,943	14,241,476
Net Investment Income	879,258	811,810	3,528,039	3,427,189
Other Income Received	282,186	351,960	1,393,621	1,144,580
Total Collected Operating Revenue	5,586,798	3,872,609	20,378,603	18,813,245
Net Benefits and Loss Related Payments	3,968,025	3,094,784	11,947,412	12,293,712
Commissions and Other Expenses Paid	748,324	715,499	2,259,817	2,055,931
Net Transfers to (from) Separate Accounts	-442,123	-89,598	325,185	211,059
Dividends to Policyholders	2,159	2,085	8,289	8,654
Income Taxes Paid (Recovered)	4,863	3,024	-350,345	223,739
Total Paid Expenses and Transfers	4,281,248	3,725,794	14,190,358	14,793,095
Net Operating Cash Flow	1,305,551	146,815	6,188,245	4,020,150

Source: BestLink® - Best's Financial Suite

Last Update

July 21, 2023

Identifiers

AMB #: 069720

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Life, Annuity, and Accident business of AMB#: [050799 Pacific Mutual Holding Company](#).

AMB#: [006885 Pacific Life Insurance Company](#) has been assigned as the AMB Group Lead for this consolidation and should be used to access name, address, or other contact information for this AM Best Consolidated Group.

Financial Data Presented

See [LINK](#) for details of the entities represented by the data presented in this report.

Pacific Life Group

Operations

Date Incorporated: January 02, 1868

Domiciled: Nebraska, United States

Business Type: Life, Annuity, and Accident

Organization Type: Mutual

Marketing Type: Independent Agency

Best's Credit Ratings

Rating Relationship

This group represents an AM Best Rating Unit. In our opinion, companies under this Rating Unit have a Superior ability to meet their ongoing insurance obligations and a Superior ability to meet their ongoing senior financial obligations.

Best's Credit Rating Effective Date: July 21, 2023

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 069720 - Pacific Life Group](#).

AMB#	Rating Unit Members	Financial Strength Rating	Best's Credit Ratings	
			Long-Term Issuer Credit Rating	Short-Term Issuer Credit Rating
009156	Pacific Life & Annuity Co	A+	aa	
006885	Pacific Life Insurance Company	A+	aa	AMB-1+

Corporate Structure

Associated Ultimate Parent: AMB # 050799 - Pacific Mutual Holding Company

Based on AM Best's analysis, AMB# 050799 Pacific Mutual Holding Company is the Associated Ultimate Parent to this group. Its current data structure is based on the corporate structure for the associated ultimate parent and the non-legal entities such as data records and AM Best Groups. Access current [Corporate Structure](#) in BestLink.

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent AM Best consolidated statements available in BestLink - Best's Statement File – L/H, US. Access [Quantitative Analytical Report \(QAR\) Annual](#) and [Quarterly](#) for additional details.

Currency: US Dollars

Balance Sheet Highlights

Year End - December 31

Ceded Reinsurance Analysis

	2022	2021	2020	2019	2018
Pacific Life Group					
Face Amount Reinsurance Ceded USD (000)	223,754,162	220,010,948	204,288,981	196,418,205	175,385,542
Affiliated Reinsurance Recoverable / Capital & Surplus (%)	1.6	2.0	0.8	...	...
Unaffiliated Reinsurance Recoverable / Capital & Surplus (%)	3.4	4.3	3.8	3.1	2.9
Total Reinsurance Recoverable / Capital & Surplus (%)	5.0	6.3	4.6	3.1	2.9
Surplus Relief (%)	1.4	1.4	0.6	1.7	1.8
Reinsurance Leverage (%)	56.2	46.9	39.8	38.4	42.1
Individual Annuity Composite					
Total Reinsurance Recoverable / Capital & Surplus (%)	5.2	4.8	4.8	3.9	3.6
Reinsurance Leverage (%)	318.4	276.4	256.8	222.6	217.0

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

3-Months
2023 2022

Year End - December 31
2021 2020 2019 2018

Bond Portfolio

	2023	2022	2022	2021	2020	2019	2018
Bonds & Short Term Investments USD (000)	81,491,771	73,807,306	78,911,367	72,080,684	63,267,753	59,779,965	51,361,143
Unaffiliated Bonds:							
US Government	...	...	1.0	2.3	1.3	1.6	1.2
Foreign Government	...	...	0.8	1.0	0.9	0.9	1.2
Foreign – All Other	...	...	26.0	23.7	22.9	22.8	24.3
State, Municipal & Special Revenue	...	...	3.9	3.6	4.6	3.8	3.0
Industrial & Miscellaneous	...	...	68.2	69.2	70.1	70.8	69.8
Hybrid Securities	...	...	...	0.1	...	...	0.4
Affiliated	...	...	...	0.2	0.1	0.1	0.2
Total Bonds	...	...	100.0	100.0	100.0	100.0	100.0
By Private vs Public (%)							
Private issues	...	...	51.8	47.4	44.0	40.4	39.6
Public issues	...	...	48.2	52.6	56.0	59.6	60.4
By Quality (%)							
Class 1	44.3	39.6	43.4	39.4	40.5	45.2	41.2
Class 2	50.3	54.2	51.0	54.2	53.3	50.6	54.2
Class 3	4.3	5.0	4.5	5.0	4.8	2.9	3.3
Class 4	0.9	0.9	0.9	1.1	1.1	0.9	1.0
Class 5	0.1	0.1	0.1	0.2	0.3	0.3	0.4
Class 6	0.1	0.2	...	0.2	...	0.1	...
Below Investment Grade (NAIC 3-6)	5.4	6.1	5.6	6.4	6.2	4.2	4.6
Below Investment Grade - % of Capital & Surplus	37.3	39.8	34.2	37.0	33.0	22.3	22.3

Source: BestLink® - Best's Financial Suite

3-Months
2023 2022

Year End - December 31
2021 2020 2019 2018

Stock Portfolio

	2023	2022	2022	2021	2020	2019	2018
Stocks USD(000)	216,452	201,754	204,611	170,333	140,751	272,457	156,574
By Type (%)							
Unaffiliated Common	...	...	34.4	24.5	8.1	3.5	5.1
Affiliated Common	...	...	63.7	74.6	85.2	91.9	86.7
Unaffiliated Preferred	...	...	1.9	0.9	6.6	4.6	8.2

Source: BestLink® - Best's Financial Suite



Business Profile Highlights

Historical Market Presence

	Year End - December 31				
	2022	2021	2020	2019	2018
By Line Breakdown - NPW USD (000)					
Individual Life	3,894,638	3,702,441	3,233,777	3,090,786	3,585,493
Group Life	-24	-22	-33	-32	-38
Individual Annuities	9,115,309	7,284,204	6,284,413	8,560,643	8,292,860
Group Annuities	2,209,845	3,416,190	2,257,637	1,885,930	919,617
Accident & Health	2,023	2,491	1,333	1,564	1,150
YRT Mortality Risk Only	275,420	161,961	435,528	468,282	...
Total	15,497,211	14,567,265	12,212,656	14,007,173	12,799,083

Source: BestLink® - Best's Financial Suite

Geographic Breakdown by Direct Premiums Written and Deposit-Type Contracts USD (000)

	2022	2021	2020	2019	2018
California	2,785,212	1,599,861	1,427,282	1,810,231	1,621,959
Utah	2,087,609	1,646,709	88,036	189,631	199,597
Missouri	1,807,459	350,861	299,508	310,443	225,120
Texas	1,582,138	1,101,415	891,662	1,214,305	1,044,726
Florida	1,315,837	1,040,907	861,822	1,031,530	895,868
New York	1,226,845	640,618	478,810	664,157	566,236
Illinois	831,021	770,109	555,055	721,105	652,281
New Jersey	540,953	315,135	394,129	374,829	254,567
Ohio	529,109	662,127	394,552	553,610	589,752
Michigan	511,342	482,428	547,205	600,214	511,449
All Other	6,816,025	7,349,350	7,323,839	7,797,896	7,426,787
Total	20,033,549	15,959,522	13,261,901	15,267,950	13,988,341
Geographic Concentration Index	0.06	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2022	2021	2020	2019	2018
By Line Reserves USD (000)					
Individual Life	38,847,480	37,924,433	35,495,338	33,457,884	31,546,704
Individual Annuities	37,360,339	34,102,183	33,405,978	31,945,049	27,478,612
Group Life	11,483	14,488	14,282	14,027	13,906
Group Annuities	7,744,664	7,701,887	6,037,374	5,744,171	4,138,360
Deposit Type Contracts	19,521,505	12,058,189	7,142,811	4,935,528	4,424,827
Accident & Health	14,671	16,311	16,881	17,855	18,873
Other	...	...	...	...	2,809
Total (including Supplemental Contracts)	103,500,143	91,817,492	82,112,663	76,114,514	67,624,090

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence (Continued...)

	Year End - December 31				
	2022	2021	2020	2019	2018
Life Policies Statistics					
Ordinary Policies					
Issued	58,001	57,680	70,633	62,826	55,727
In Force	4,486,650	4,936,119	5,475,687	6,013,902	6,650,146
Group Policies					
In Force	6	6	6	6	6
Group Certificates					
In Force	134	140	146	149	154
Life Insurance In Force USD (000)					
Whole Life & Endowment & Additions	172,110,527	165,456,563	158,917,419	153,617,609	150,832,102
Term	402,503,921	395,096,764	387,129,832	360,693,124	351,091,334
Group	14,427	18,003	17,964	17,858	17,904
New Life Business Issued USD (000)					
Whole Life & Endowment & Additions	11,184,936	9,296,376	9,495,404	10,534,839	11,550,264
Term	39,635,969	36,046,245	44,674,133	35,316,987	29,779,439

Source: BestLink® - Best's Financial Suite

Pacific Life Insurance Company

Operations

Date Incorporated: January 02, 1868 | **Date Commenced:** May 01, 1868

Domiciled: Nebraska, United States

Licensed: (Current since 10/01/2001). The company is licensed in the District of Columbia, AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI and WY.

Business Type: Life, Annuity, and Accident
Organization Type: Stock
Marketing Type: Independent Agency
Financial Size: XV (Greater than or Equal to USD 2.00 Billion)

Last Update

July 28, 2023

Identifiers

AMB #: 006885

NAIC #: 67466

FEIN #: 95-1079000

LEI #: 8WC3XYHE06SQFW7CQK10

Contact Information

Administrative Office:

700 Newport Center Drive,
 Newport Beach, California
 92660-6397
 United States

Domiciliary Address:

6750 Mercy Road, Omaha,
 Nebraska 68106
 United States

Web: www.pacificlife.com

Phone: +1-949-219-3011

Fax: +1-949-644-6417

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [069720 - Pacific Life Group](#)

Refer to the [Best's Credit Report for AMB# 069720 - Pacific Life Group](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 1928. In our opinion, the company has a Superior ability to meet their ongoing insurance obligations and a Superior ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Outlook	Action	Rating	Outlook	Action
Current -						
Jul 21, 2023	A+	Stable	Affirmed	aa	Stable	Affirmed
Jun 24, 2022	A+	Stable	Affirmed	aa	Stable	Affirmed
Jun 4, 2021	A+	Stable	Affirmed	aa	Stable	Affirmed
May 29, 2020	A+	Stable	Affirmed	aa	Stable	Affirmed
May 24, 2019	A+	Stable	Affirmed	aa	Stable	Affirmed

Best's Credit Rating History (Continued...)

Best's Short-Term Issuer Credit Ratings	
Effective Date	Rating
Current -	
Jul 21, 2023	AMB-1+
Jun 24, 2022	AMB-1+
Jun 4, 2021	AMB-1+
May 29, 2020	AMB-1+
May 24, 2019	AMB-1+

Best's Issue Credit Ratings

AM Best assigns Best's Issue Credit Ratings. Refer to the profile page to view current Issue Ratings for [Pacific Life Insurance Company \(AMB#6885\)](#).

Corporate Structure

Ultimate Parent: AMB # 050799 - Pacific Mutual Holding Company

Based on AM Best's analysis, AMB# 050799 Pacific Mutual Holding Company is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Management

Officers

- President and CEO:** Darryl D. Button
- SVP and Chief Accounting Officer:** Joshua D. Scott
- Vice President and Secretary:** Jane M. Guon
- Vice President and Treasurer:** Craig W. Leslie

Directors

- Darryl D. Button
- Adrian S. Griggs
- Lawrence F. Harr
- James T. Morris
- Jason (Jay) Orlandi

History

Originally incorporated in 1868 as The Pacific Mutual Life Insurance Company of California, the company was reincorporated in 1936 as Pacific Mutual Life Insurance Company (Pacific Mutual Life) and officially became a mutual company in 1959. Following the passage of California's mutual holding company legislation, Pacific Mutual Life converted to a mutual holding company structure in 1997 through the formation of Pacific Mutual Holding Company. Concurrently, Pacific Mutual Life converted to a California domiciled stock life insurance company, issued all of its capital stock to an intermediate stock holding company named Pacific LifeCorp and continued its corporate existence under the name Pacific Life Insurance Company (PLIC). Pacific Mutual Holding Company is controlled by members who are policyholders and currently own 100% of the voting stock of Pacific LifeCorp. Pacific Mutual Holding Company is legally required to retain not less than 51% of the voting stock of Pacific LifeCorp, and Pacific LifeCorp must hold all of the voting stock of PLIC. The remaining voting stock of Pacific LifeCorp may be sold to the public, although this is not contemplated in the foreseeable future. This structure provides the group with greater financial flexibility in its capital management, including access to additional funding from the public markets. At the time of the company's conversion to a mutual holding company, PLIC established a closed block for certain individual life policies, with related assets of \$271 million at year-end 2013.

In 1999, PM Group Life Insurance Company, a wholly-owned subsidiary of PLIC, domiciled in Arizona, secured its license to conduct business in the state of New York and changed its name to Pacific Life & Annuity Company (PL&A).

In 2005, the company sold the group insurance businesses of PLIC and PL&A to an unrelated third party. The business included medical, dental and life coverage for small and large group employers. The transaction was structured as a coinsurance arrangement and effectively eliminated the company's exposure to the group medical market.

Also in 2005, ACG, then a subsidiary of Pacific LifeCorp, acquired Seattle-based Boulliou Aviation Services from WestLB AG. The transaction effectively doubled the size of ACG's commercial aircraft leasing business, placing it among the largest operating lessors in the industry. On December 31, 2009, Pacific LifeCorp contributed its entire ownership in ACG to PLIC. In 2017, Tokyo Century Corporation (Tokyo Century) acquired a 20% membership interest in ACG, and later expanded ownership to 24.5%. In December 2019, PLIC completed the sale of its remaining ownership in ACG to Tokyo Century.

On September 1, 2005, PLIC transferred its legal domicile from the State of California to the State of Nebraska. On June 29, 2007, Pacific Mutual Holding Company transferred its legal domicile from the State of California to the State of Nebraska.

In 2005, Pacific Alliance Reinsurance Ltd. (PAR Bermuda) was formed to provide reinsurance exclusively to PLIC for no lapse guarantee benefits. PAR Bermuda is a Bermuda-based life reinsurance company 100% owned by Pacific LifeCorp. In 2007, Pacific Alliance Reinsurance Company of Vermont (PAR VT) was incorporated and is a wholly owned subsidiary of PLIC. PAR VT is licensed as a special purpose financial insurance company under the laws of the State of Vermont and was formed to reinsure certain no lapse guarantee benefits issued by the Company. Effective October 1, 2010, all the reinsurance ceded to PAR Bermuda was novated to PAR VT, consolidating the in force no lapse guarantee reinsurance into one captive entity.

In 2013, Pacific Baleine Reinsurance Company (PBRC) was incorporated and is a wholly owned subsidiary of PLIC. PBRC is licensed as a special purpose financial insurance company under the laws of the State of Vermont and was formed to reinsure certain level term insurance policies issued by the Company as well as certain no lapse guarantee rider benefits not ceded to PAR VT.

Pacific Life Re Limited (PL Re) was formed in 2008 following the acquisition by Pacific LifeCorp of the International Life Reinsurance segment of Scottish Re Group Limited. PL Re provides reinsurance to insurance and annuity providers in the United Kingdom, Ireland, and selected markets in Asia.

In August 2011, PLIC and Pacific Life Reinsurance (Barbados) Limited (PLRB), a newly formed insurer and wholly owned subsidiary of Pacific LifeCorp, acquired Manulife Financial (Manulife) domestic and international life retrocession businesses, respectively. Upon closing the transaction, PLIC retroceded to PLRB, the majority of the domestic retrocession business it assumed from Manulife. In March 2020, PLRB was redomiciled to Bermuda and changed its name to Pacific Life Re Global Limited.

In October 2012, the Company formed Pacific Annuity Reinsurance Company (PARC), a captive reinsurance company subject to regulatory supervision by the Arizona Department of Insurance and Financial Institutions. PARC was formed to reinsure benefits provided by variable annuity contracts and contract rider guarantees issued by PLIC. Base annuity contracts were reinsured on a modified coinsurance basis and the contract guarantees were reinsured on a coinsurance with funds withheld basis. In October 2020, PLIC recaptured the variable annuity business reinsured by PARC and PARC was dissolved as of December 31, 2020.

Corporate Changes

Date	Event Type	Company Name	Current Company Name	Corporate Changes Text
09/01/2005	Domiciliary Change	Pacific Life Insurance Company		This company redomesticated from California to Nebraska on September 1, 2005.
09/01/1997	Name Change	Pacific Mutual Life Insurance Company	Pacific Life Insurance Company	This company changed its name to Pacific Life Insurance Company and converted to a mutual holding company on September 01, 1997.
08/03/1936	Name Change	The Pacific Mutual Life Insurance Company of California	Pacific Life Insurance Company	This company changed its name to Pacific Mutual Life Insurance Company on August 03, 1936.

Search for this company in [Corporate Changes](#) in BestLink to review previous changes.

Regulatory

Auditor: Deloitte & Touche, LLP

Actuary: Kristina L. Kennedy, FSA, MAAA

An examination of the financial condition was made as of December 31, 2016, by the insurance department of Nebraska. The 2022 annual independent audit of the company was conducted by Deloitte & Touche, LLP. The annual statement of actuarial opinion is provided by Kristina L. Kennedy, FSA, MAAA, Vice President & Chief Actuary.

Financial Statements

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File – L/H, US.

Currency: US Dollars

	3-Months		Year End - December 31			
	2023		2022		2021	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	652,720	0.4	887,899	0.5	992,861	0.6
Bonds	75,926,890	41.4	73,844,758	41.3	67,346,281	37.8
Preferred and Common Stock	671,469	0.4	672,965	0.4	696,756	0.4
Other Invested Assets	42,174,882	23.0	41,066,812	23.0	34,837,143	19.6
Total Cash and Invested Assets	119,425,962	65.2	116,472,434	65.1	103,873,040	58.3
Premium Balances	187,029	0.1	192,892	0.1	156,003	0.1
Net Deferred Tax Asset	416,367	0.2	334,130	0.2	462,311	0.3
Other Assets	2,709,150	1.5	3,161,160	1.8	3,132,850	1.8
Total General Account Assets	122,738,507	67.0	120,160,615	67.2	107,624,204	60.4
Separate Account Assets	60,540,929	33.0	58,635,686	32.8	70,441,999	39.6
Total Assets	183,279,436	100.0	178,796,301	100.0	178,066,203	100.0
Net Life Reserves	81,786,803	44.6	80,390,222	45.0	77,070,991	43.3
Net Accident & Health Reserves	15,219	...	14,671	...	16,311	...
Liability for Deposit Contracts	19,701,288	10.7	18,585,123	10.4	11,197,544	6.3
Asset Valuation Reserve	1,193,577	0.7	1,171,012	0.7	1,200,890	0.7
Other Liabilities	8,322,994	4.5	8,297,893	4.6	6,785,264	3.8
Total General Account Liabilities	111,019,880	60.6	108,458,921	60.7	96,271,000	54.1
Separate Account Liabilities	60,540,929	33.0	58,635,686	32.8	70,441,999	39.6
Total Liabilities	171,560,809	93.6	167,094,607	93.5	166,712,999	93.6
Capital Stock	30,000	...	30,000	...	30,000	...
Paid-In and Contributed Surplus	2,535,789	1.4	2,535,789	1.4	1,835,789	1.0
Unassigned Surplus	7,267,034	4.0	7,128,009	4.0	7,690,120	4.3
Other Surplus	1,885,805	1.0	2,007,897	1.1	1,797,295	1.0
Total Capital and Surplus	11,718,627	6.4	11,701,694	6.5	11,353,204	6.4
Total Liabilities, Capital and Surplus	183,279,436	100.0	178,796,301	100.0	178,066,203	100.0

Source: BestLink® - Best's Financial Suite

Income Statement USD (000)

	3-Months		Year End - December 31	
	2023	2022	2022	2021
Net Premiums Earned:				
Individual Life	...	...	3,882,249	3,689,005
Group Life	...	...	-24	-22
Individual Annuities	...	...	8,018,824	6,861,369
Group Annuities	...	...	2,119,984	3,269,453
Accident & Health	...	...	2,023	2,491
YRT Mortality Risk Only	...	...	275,420	161,961
Total Net Premiums Earned	3,809,875	2,677,910	14,298,477	13,984,256
Net Investment Income	907,318	885,538	3,386,304	3,252,091
Reserve Adjustments on Reinsurance Ceded	-152,453	-121,887	-449,585	-677,151
Other Income	431,876	415,521	1,495,271	1,676,089
Total Revenue	4,996,616	3,857,082	18,730,467	18,235,286
Policy Benefits	5,117,320	3,039,480	15,112,487	16,341,909
Commissions and Expense Allowances	268,337	259,831	1,057,466	999,670
Insurance and Other Expense	302,972	286,451	1,212,709	1,082,688
Net Transfers to (from) Separate Accounts	-420,697	-97,706	198,467	343,718
Dividends to Policyholders	2,178	2,117	7,753	8,178
Pre-Tax Net Operating Gain	-273,495	366,909	1,141,585	-540,879
Income Taxes Incurred	16,206	27,761	9,001	210,046
Net Operating Gain	-289,700	339,148	1,132,584	-750,924
Net Realized Capital Gains	323,077	259,374	-981,283	1,611,888
Net Income	33,377	598,521	151,300	860,964

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)

	3-Months		Year End - December 31	
	2023	2022	2022	2021
Net Premiums Collected	3,814,798	2,585,924	14,258,273	13,658,400
Net Investment Income	818,369	758,746	3,295,714	3,244,707
Other Income Received	263,857	333,083	1,320,788	1,072,748
Total Collected Operating Revenue	4,897,024	3,677,753	18,874,775	17,975,854
Net Benefits and Loss Related Payments	3,767,963	2,969,666	11,340,298	11,645,633
Commissions and Other Expenses Paid	721,402	698,037	2,189,696	1,997,887
Net Transfers to (from) Separate Accounts	-424,473	-111,715	285,250	260,518
Dividends to Policyholders	2,159	2,085	8,289	8,654
Income Taxes Paid (Recovered)	4,863	3,024	-357,861	215,043
Total Paid Expenses and Transfers	4,071,913	3,561,098	13,465,672	14,127,735
Net Operating Cash Flow	825,111	116,655	5,409,103	3,848,119

Source: BestLink® - Best's Financial Suite

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent company-filed statements available in BestLink - Best's Statement File – L/H, US. Access [Quantitative Analytical Report \(QAR\) Annual](#) and [Quarterly](#) for additional details.

Currency: US Dollars

Key Financial Indicators

Key Financial Indicators USD (000)	3-Months		Year End - December 31				
	2023	2022	2022	2021	2020	2019	2018
Assets:							
General Account	122,738,507	111,746,923	120,160,615	107,624,204	96,010,134	88,394,308	77,909,525
Separate Accounts	60,540,929	65,902,742	58,635,686	70,441,999	63,283,167	57,266,846	51,087,324
Total	183,279,436	177,649,664	178,796,301	178,066,203	159,293,301	145,661,155	128,996,849
Liabilities:							
Net Life Reserves	81,786,803	77,134,078	80,390,222	77,070,991	72,397,115	68,658,950	60,767,847
Net Accident & Health Reserves	15,219	16,062	14,671	16,311	16,881	17,855	18,873
Liability for Deposit Contracts	19,701,288	14,063,503	18,585,123	11,197,544	6,280,823	4,118,556	3,673,719
Asset Valuation Reserve	1,193,577	1,075,915	1,171,012	1,200,890	468,775	727,945	938,247
Other General Account	8,322,994	8,057,334	8,297,893	6,785,264	5,482,347	4,361,401	2,819,404
Total	171,560,809	166,249,632	167,094,607	166,712,999	147,929,108	135,151,554	119,305,414
Total Capital and Surplus	11,718,627	11,400,032	11,701,694	11,353,204	11,364,193	10,509,601	9,691,434
Net Income	33,377	598,521	151,300	860,964	-98,701	1,715,880	868,726
Net Premiums Earned	3,809,875	2,677,910	14,298,477	13,984,256	11,759,841	13,440,678	12,254,201
Net Investment Income	907,318	885,538	3,386,304	3,252,091	3,181,766	3,829,565	2,772,948

Source: BestLink® - Best's Financial Suite

Key Financial Ratios (%)	3-Months		Year End - December 31					Weighted Average
	2023	2022	2022	2021	2020	2019	2018	
Operating Return on Revenue	-5.8	8.8	6.0	-4.1	-0.2	4.8	6.0	2.5
Operating Return on Capital and Surplus	-9.9	11.9	9.8	-6.6	-0.3	8.6	9.8	4.0
Net Investment Yield	3.0	3.3	3.0	3.3	3.5	4.7	3.9	3.6
Pre-Tax Investment Total Return	3.9	2.3	2.0	5.3	3.3	5.2	4.2	3.9
Leverage (%)								
General Account Liabilities to Capital and Surplus	9.5	8.8	9.3	8.5	7.4	7.4	7.0	...
Higher Risk Assets to Capital and Surplus:								
Mortgages Not in Good Standing	...	...	0.3	0.2	0.2	0.2	0.2	...
All Other Higher Risk Assets	118.1	94.3	117.5	89.0	69.8	59.4	72.0	...
Liquidity Analysis								
Current Liquidity (%)	69.6	70.2	69.9	71.7	72.3	73.5	71.1	...
Net Operating Cash Flow USD (000)	825,111	116,655	5,409,103	3,848,119	3,454,923	9,436,039	6,549,407	...

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

	3-Months		Year End - December 31				
	2023	2022	2022	2021	2020	2019	2018
Capital Generation Analysis USD (000)							
Beginning Capital and Surplus	11,701,694	11,353,204	11,353,204	11,364,193	10,509,601	9,691,434	9,312,882
Net Operating Gain	-289,700	339,148	1,132,584	-750,924	-35,069	869,367	927,466
Net Realized Capital Gains (Losses)	323,077	259,374	-981,283	1,611,888	-63,632	846,512	-58,739
Net Unrealized Capital Gains (Losses)	-60,295	-527,391	-146,188	317,597	-172,380	-547,043	252,330
Net Change in Paid-In Capital and Surplus	39	47	613,944	188	594,230	188	188
Stockholder Dividends	...	...	...	-450,000	...	-650,000	...
Other Changes in Capital and Surplus	43,812	-24,349	-270,566	-739,738	531,443	299,142	-742,692
Net Change in Capital and Surplus	16,933	46,828	348,490	-10,989	854,592	818,166	378,552
Ending Capital and Surplus	11,718,627	11,400,032	11,701,694	11,353,204	11,364,193	10,509,601	9,691,434
Net Change in Capital and Surplus (%)	0.1	0.4	3.1	-0.1	8.1	8.4	4.1
Net Change in Capital and Surplus (5 yr CAGR)	...	...	4.7	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2022	2021	2020	2019	2018
Ceded Reinsurance Analysis					
Pacific Life Insurance Company					
Face Amount Reinsurance Ceded USD (000)	222,211,134	218,435,214	202,705,903	194,798,537	173,751,491
Affiliated Reinsurance Recoverable / Capital & Surplus (%)	1.6	2.0	0.8	...	...
Unaffiliated Reinsurance Recoverable / Capital & Surplus (%)	3.4	4.3	3.8	3.1	2.9
Total Reinsurance Recoverable / Capital & Surplus (%)	5.0	6.3	4.6	3.1	2.9
Surplus Relief (%)	1.4	1.4	0.6	1.7	1.8
Reinsurance Leverage (%)	56.1	46.9	39.8	38.3	41.9
Individual Annuity Composite					
Total Reinsurance Recoverable / Capital & Surplus (%)	5.2	4.8	4.8	3.9	3.6
Reinsurance Leverage (%)	318.4	276.4	256.8	222.6	217.0

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

	3-Months		Year End - December 31				
	2023	2022	2022	2021	2020	2019	2018
Composition of Cash and Invested Assets							
Total Cash and Invested Assets USD (000)	119,425,962	107,799,158	116,472,434	103,873,040	92,897,147	86,274,950	75,391,086
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	0.5	0.5	0.8	1.0	2.2	4.3	0.8
Bonds	63.6	63.9	63.4	64.7	63.3	61.4	62.8
Stocks	0.1	0.1	0.1	...	...	...	...
Mortgage Loans	15.2	15.2	15.8	14.8	15.5	15.4	15.9
Other Invested Assets	14.6	15.3	14.0	14.8	14.3	14.4	14.4
Total Unaffiliated	94.1	95.0	94.0	95.3	95.3	95.5	93.9
Investments in Affiliates	6.4	5.4	6.4	5.1	5.0	4.8	9.2
Non-Admitted	-0.4	-0.4	-0.4	-0.4	-0.3	-0.3	-0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Asset Liability Management | Investments (Continued...)

Bonds and Short Term Investments	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Distribution by Maturity (%)						
Government Bonds	0.1	1.0	0.4	0.1	0.4	8.8
Government Agencies and Municipal Bonds	0.1	0.3	0.4	0.8	2.1	19.0
Industrial and Miscellaneous Bonds	4.6	33.6	30.4	11.7	14.1	9.1
Bank Loans	0.4	1.4	0.5	0.1	...	4.2
Hybrid Securities	...	...	...	...	...	19.3
Affiliated Bonds	...	...	...	...	...	7.0
Total Bonds	4.8	34.8	31.2	12.6	16.6	9.5

Source: BestLink® - Best's Financial Suite

	3-Months			Year End - December 31			
	2023	2022	2022	2021	2020	2019	2018

Bond Portfolio

Bonds & Short Term Investments USD (000)	76,056,083	69,184,386	73,877,601	67,547,159	58,905,594	55,533,710	47,460,272
Unaffiliated Bonds:							
US Government	...	...	1.1	2.5	1.4	1.7	1.3
Foreign Government	...	...	0.9	1.0	1.0	0.9	1.1
Foreign – All Other	...	...	26.8	24.3	23.6	23.5	25.0
State, Municipal & Special Revenue	...	...	3.6	3.3	4.3	3.4	2.6
Industrial & Miscellaneous	...	...	67.6	68.7	69.6	70.2	69.4
Hybrid Securities	...	...	...	0.1	...	...	0.4
Affiliated	...	...	...	0.2	0.1	0.2	0.2
Total Bonds	...	...	100.0	100.0	100.0	100.0	100.0
By Private vs Public (%)							
Private issues	...	...	53.5	49.0	45.5	41.5	40.7
Public issues	...	...	46.5	51.0	54.5	58.5	59.3
By Quality (%)							
Class 1	43.8	39.0	42.7	38.7	39.7	44.3	40.0
Class 2	50.5	54.6	51.5	54.6	53.9	51.3	55.2
Class 3	4.5	5.2	4.7	5.2	4.9	3.0	3.4
Class 4	0.9	0.9	1.0	1.1	1.2	0.9	1.0
Class 5	0.1	0.1	0.1	0.2	0.3	0.3	0.4
Class 6	0.1	0.2	...	0.2	...	0.1	...
Below Investment Grade (NAIC 3-6)	5.6	6.4	5.8	6.7	6.4	4.3	4.8
Below Investment Grade - % of Capital & Surplus	36.6	38.9	33.6	36.1	31.7	21.4	21.3

Source: BestLink® - Best's Financial Suite

	3-Months			Year End - December 31			
	2023	2022	2022	2021	2020	2019	2018

Stock Portfolio

Stocks USD(000)	671,469	737,372	672,965	696,756	689,063	811,578	700,503
By Type (%)							
Unaffiliated Common	...	...	9.6	5.5	1.0	0.6	0.5
Affiliated Common	...	...	89.8	94.3	97.9	98.1	97.9
Unaffiliated Preferred	...	...	0.6	0.2	1.1	1.3	1.6

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Year End - December 31

Net Operating Gain by Line of Business USD (000)

	2022	2021	2020	2019	2018
Individual Life	457,210	-1,139,205	-760,795	-571,383	293,433
Group Life	-86	178	170	138	116
Individual Annuities	531,617	101,572	488,677	204,209	331,581
Group Annuities	30,444	171,095	55,590	60,001	81,142
Accident & Health	367	144	-626	-634	-340
Other Lines of Business	136,853	199,473	231,739	1,158,950	221,533
YRT Mortality Risk Only	-23,822	-84,182	-49,824	18,086	...
Total	1,132,584	-750,924	-35,069	869,367	927,466

Source: BestLink® - Best's Financial Suite

Year End - December 31

	2022	2021	2020	2019	2018
Net Premiums Written USD (000)	2,023	2,491	1,333	1,564	1,150
Net Premiums Earned USD (000)	2,023	2,491	1,333	1,564	1,150
Claims and Cost Containment Ratio (%)	70.5	83.7	174.3	150.0	117.3
Expense Ratio (%)	8.5	20.1	7.0	6.7	20.0
Combined Ratio (%)	79.0	103.9	181.3	156.7	137.2
Underwriting Results USD (000)	425	-96	-1,084	-887	-428

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	USD (000)	%	USD (000)	%	USD (000)	%	USD (000)	%	%
2022 By Line Business									
Ordinary Life	4,759,598	30.5	637,115	51.5	1,239,045	48.5	4,157,669	29.1	77.0
Group Life	...	...	...	...	24	...	-24	...	...
Individual Annuities	9,323,178	59.7	13,916	1.1	1,318,270	51.5	8,018,824	56.1	85.9
Group Annuities	1,534,832	9.8	585,152	47.3	...	...	2,119,984	14.8	100.0
Individual Accident & Health	...	...	2,023	0.2	...	...	2,023	...	100.0
Total	15,617,608	100.0	1,238,208	100.0	2,557,339	100.0	14,298,477	100.0	84.8

Source: BestLink® - Best's Financial Suite

Historical Market Presence

Year End - December 31

	2022	2021	2020	2019	2018
By Line Breakdown - NPW USD (000)					
Individual Life	3,882,249	3,689,005	3,219,321	3,075,297	3,569,357
Group Life	-24	-22	-33	-32	-38
Individual Annuities	8,018,824	6,861,369	5,880,439	8,009,637	7,764,114
Group Annuities	2,119,984	3,269,453	2,223,254	1,885,930	919,617
Accident & Health	2,023	2,491	1,333	1,564	1,150
YRT Mortality Risk Only	275,420	161,961	435,528	468,282	...
Total	14,298,477	13,984,256	11,759,841	13,440,678	12,254,201

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence (Continued...)

Geographic Breakdown by Direct Premiums Written and Deposit-Type Contracts USD (000)

	2022	2021	2020	2019	2018
California	2,781,255	1,599,609	1,426,920	1,809,890	1,621,563
Utah	2,087,609	1,646,709	88,017	189,611	199,578
Texas	1,580,880	1,101,337	891,267	1,214,190	1,044,584
Missouri	1,573,176	342,227	292,835	310,132	224,740
Florida	1,308,338	1,022,647	856,716	1,029,128	893,969
Illinois	831,100	766,052	553,477	720,318	652,075
Ohio	528,860	661,775	394,504	553,529	589,524
New Jersey	523,151	314,169	368,792	370,492	251,484
Michigan	511,141	482,275	547,053	600,118	511,344
Massachusetts	447,662	220,095	170,921	230,995	228,957
All Other	6,521,064	7,151,532	7,104,266	7,538,399	7,096,798
Total	18,694,235	15,308,428	12,694,769	14,566,802	13,314,616
Geographic Concentration Index	0.06	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2022	2021	2020	2019	2018

By Line Reserves USD (000)

	2022	2021	2020	2019	2018
Individual Life	38,771,932	37,849,627	35,422,261	33,386,476	31,482,767
Individual Annuities	33,174,270	30,623,013	29,910,202	28,524,467	24,343,644
Group Life	11,197	14,203	13,986	13,733	13,611
Group Annuities	7,487,063	7,525,122	6,003,990	5,744,171	4,138,360
Deposit Type Contracts	18,585,123	11,197,544	6,280,823	4,118,556	3,673,719
Accident & Health	14,671	16,311	16,881	17,855	18,873
Other	...	...	...	...	2,809
Total (including Supplemental Contracts)	98,044,255	87,225,820	77,648,143	71,805,259	63,673,783

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2022	2021	2020	2019	2018

Life Policies Statistics

Ordinary Policies					
Issued	57,926	57,584	70,522	62,606	55,531
In Force	4,483,618	4,933,036	5,472,349	6,010,511	6,646,816
Group Policies					
In Force	1	1	1	1	1
Group Certificates					
In Force	18	20	20	20	21
Life Insurance In Force USD (000)					
Whole Life & Endowment & Additions	170,414,952	163,815,228	157,336,097	152,188,851	149,417,210
Term	400,096,834	392,557,498	384,280,246	357,684,667	348,190,056
Group	13,961	17,531	17,465	17,354	17,390
New Life Business Issued USD (000)					
Whole Life & Endowment & Additions	11,065,604	9,082,751	9,308,304	10,486,580	11,518,979
Term	39,635,969	36,046,245	44,674,133	35,060,634	29,641,603

Source: BestLink® - Best's Financial Suite

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

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