

MOODY'S

INVESTORS SERVICE

COMPANY PROFILE

Pacific Life Insurance Company

Newport Beach, California, United States

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Company Profile

Pacific Life Insurance Company (Pacific Life) and its subsidiary Pacific Life & Annuity Company (PL&A) are the primary operating entities of Pacific LifeCorp. Pacific Life and its subsidiaries and affiliated entities, provide life insurance products, individual annuities and mutual funds, and offers to individuals, businesses, and pension plans a variety of investment products and services.

The Pacific Life group was the 15th largest group in the industry ranked by admitted assets of \$103 billion as of December 31, 2010. Total statutory assets for Pacific Life rose to \$99 billion from \$95 billion in 2009 as equity markets stabilized and asset values recovered.

Pacific Mutual Holding Company reported GAAP net income of \$480 million in 2010, up from \$434 million earned in 2009. The increase was primarily due to an improvement in equity and credit markets. Pacific Life reported statutory income of \$741 million in 2010, up from \$652 million in statutory net income in 2009.

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Statutory Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on Pacific Life Insurance Company, please see [Pacific Life Insurance Company page on moodys.com](#).

Pacific Life Insurance Company					
(\$ Millions)	2010	2009	2008	2007	2006
Net Written Premiums	5,239	8,579	7,859	9,354	10,304
Net Investment Income	1,681	674	3,116	2,250	2,144
Total Revenues	7,156	10,253	15,055	16,223	14,670
Net Income	741	652	-1,529	362	362
Total Assets	98,781	94,738	83,653	96,551	86,142
Total Liabilities	92,914	89,732	80,517	92,843	82,924
Total Surplus & Capital	5,867	5,006	3,136	3,708	3,218

Statutory financial statements

GAAP Financial Highlights (as Reported)

Pacific Mutual Holding Company		
Net Income by Segment		
(\$ Millions)	2010	2009
Life Insurance	206	169
Retirement Solutions	285	554
Aircraft Leasing	117	83
International Reinsurance	42	36
Corporate & Other	-170	-408

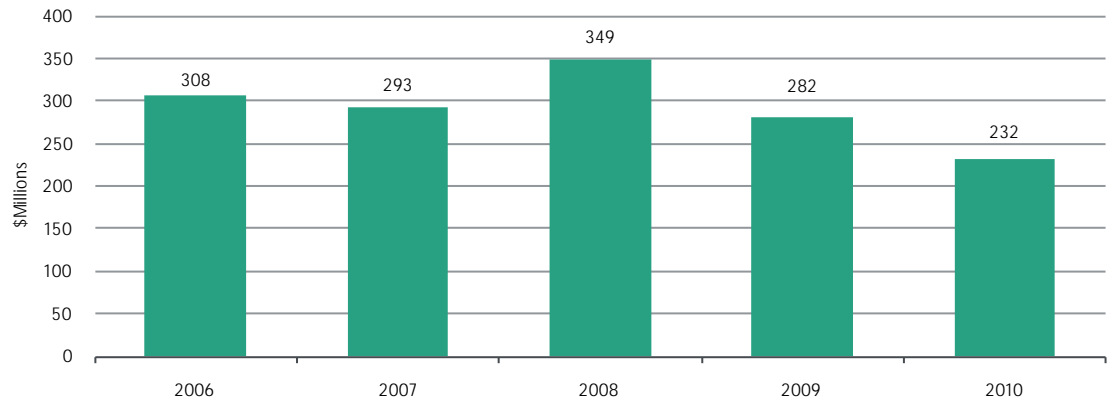
Business Activities

Life Insurance

Pacific Life focuses on the high end of the life insurance market, selling to sophisticated buyers assisted by highly knowledgeable professional advisors. Pacific Life markets all major life insurance products sold today with the exception of participating whole life. Pacific Life was the number 8 ranked issuer in the U.S. of life insurance products in the U.S. during 2010.¹ Pacific Life's sales are very high end and consequently it has one of the largest average premiums per policy in the industry. Pacific Life is particularly strong in the Variable Universal Life, Indexed Universal Life and Universal Life segments of the market. Total life insurance sales in 2010 for Pacific Life were \$232 million based on fully commissionable first year premium, down from \$282 million in 2009.

¹ LIMRA International, 2010 Confidential Sales Survey of Participating Life Insurance Companies. Based on annualized new premiums.

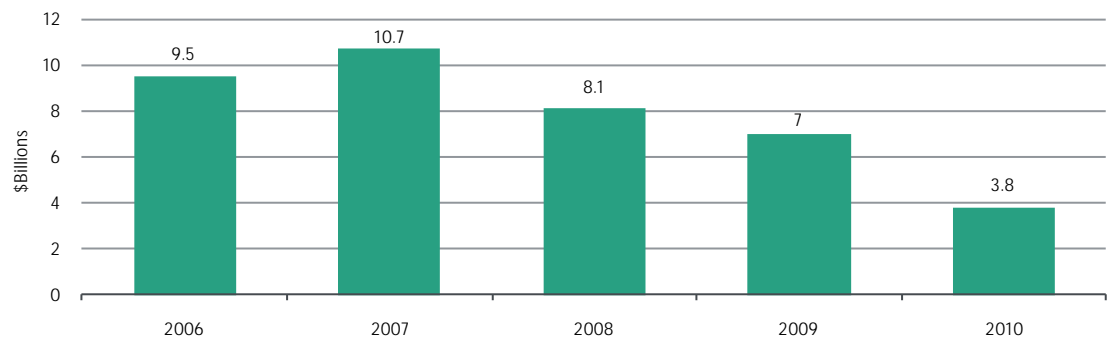
FIGURE 1
Life Insurance Commissionable Premiums



Retirement Solutions

Pacific Life markets a wide range of fixed and variable annuity products across multiple product categories to retail customers for retirement savings and other asset accumulation needs. Pacific Life began to actively market fixed annuities in 2008 and continues to expand fixed annuity offerings, including a single premium immediate annuity launched during 2010. Pacific Life had total annuity sales of \$3.8 billion in 2010, consisting of \$2.8 billion in variable annuities and \$1.0 billion in fixed annuities, down from \$7.0 billion sold in 2009, consisting of \$3.5 billion in variable annuities and \$3.5 billion in fixed annuities. Annuity funds under management at December 31, 2010 totaled \$57 billion, with \$52 billion in variable annuities and \$5 billion in fixed annuities. Pacific Life also sells a modest amount of proprietary mutual funds, sales of which were \$865 million in 2010. Beginning in 2010, structured settlements and group retirement annuities were moved to the Retirement Solutions Division. The Retirement Solutions segment produced \$285 million of GAAP net income in 2010 and had \$67 billion in assets as of December 31, 2010.

FIGURE 2
Fixed and Variable Annuity Premiums



Other

Pacific Life has several other operating subsidiaries and affiliates active in asset based lines of business.

Aviation Capital Group (ACG), one of the world's largest aviation leasing companies, offers commercial aircraft leasing and management services and had more than 240 commercial aircraft owned or managed as of December 31, 2010.

Pacific Life Re Limited was acquired in July 2008 and is a specialist life reinsurer located in the U.K. offering a comprehensive range of reinsurance solutions and support to insurance clients in the UK, Ireland, and some Asian markets.

College Savings Bank offers 529 plans, Coverdell Education Savings accounts, IRAs and custodial and trust accounts.

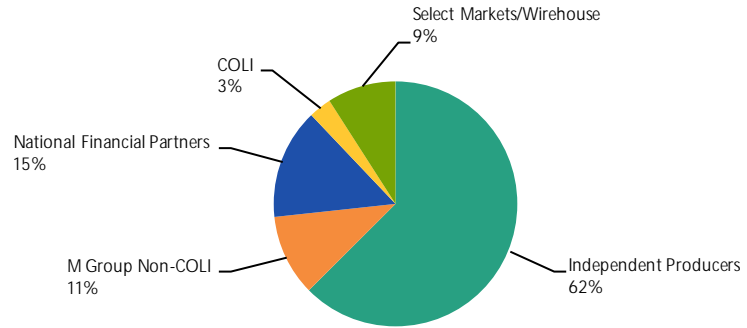
Pacific Alliance Reinsurance Company of Vermont is a wholly owned captive reinsurance subsidiary of Pacific Life that reinsures certain universal life obligations of Pacific Life. Its statutory reserves as of December 31, 2010 were \$569 million following the novation in 2010 of universal life obligations from Pacific Alliance Reinsurance Ltd., a Bermuda-based, wholly owned captive reinsurance subsidiary of Pacific LifeCorp that reinsures certain universal life reinsurance obligations of Pacific Life. The total statutory reserves are expected to grow over time.

Distribution Channels

Pacific Life markets its products through a variety of distribution channels. The channel used for each product is based upon the needs of the purchaser. Given the substantial difference among the company's products and their primary customers, there is only a modest degree of overlap among the distributors of the company's various products.

Life Insurance: The primary distributors of life insurance products are independent life insurance brokers that interface through the company's nationwide network of regional sales offices. Unlike many other major life insurance companies, Pacific Life does not have a career agency system of any type. Other important producers for this line include M Financial Group and National Financial Partners Corp member firms, marketing organizations, major retail focused securities firms, and consultants specializing in Corporate Owned Life Insurance (COLI).

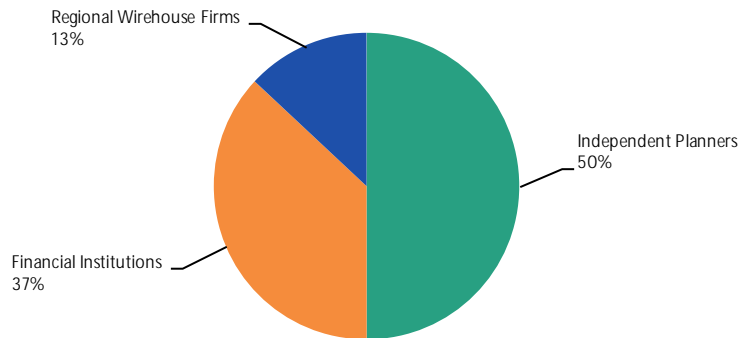
FIGURE 3
2010 Life Insurance by Distribution Channel*



*By fully commissionable First Year Premiums

Retirement Solutions: Independent financial planners serve as the segment’s primary distribution channel. Independent financial planners advise retail clients on financial planning and wealth management issues. A substantial amount of product is also marketed through financial institutions, primarily retail focused banks. The third major channel is major retail focused securities firms.

FIGURE 4
2010 Annuities by Distribution Channel

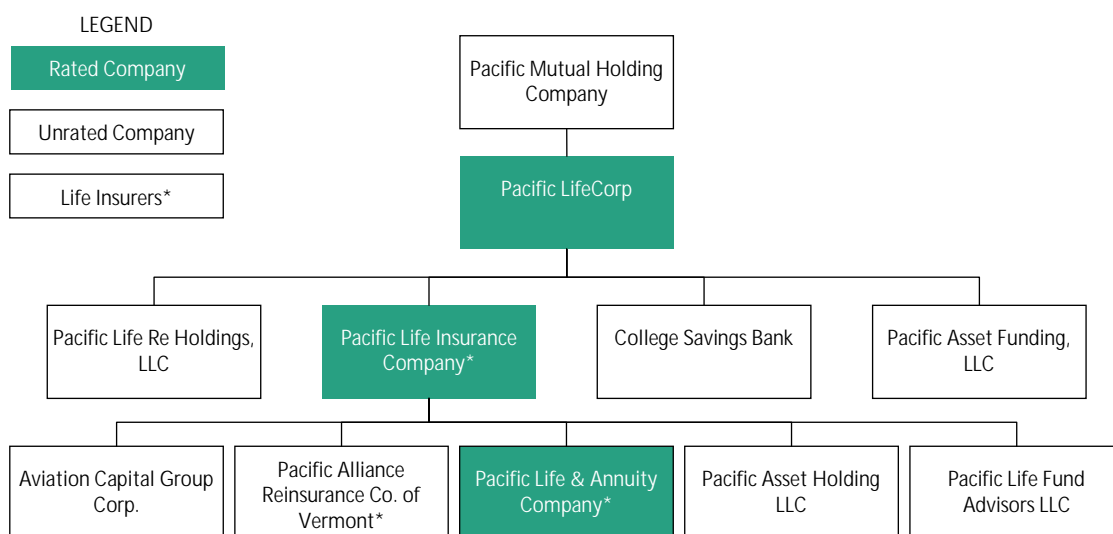


Organization Structure and Ownership

Ownership Structure

Pacific Life converted from a mutual life insurance company on September 1, 1997, to a mutual holding company structure. The top-most company in the group, Pacific Mutual Holding Company (PMHC), is owned by the policyholders of Pacific Life. Between Pacific Mutual Holding Company and Pacific Life is the intermediate stock holding company, Pacific LifeCorp. Pacific LifeCorp owns Pacific Life and the group's other operating companies. Please see the chart for a more detailed review of the corporate structure.

Pacific Mutual Holding Company



Management Information

Name	Current Title	Tenure
James T. Morris	Chairman since May 2008, President and Chief Executive Officer since April 2007	29
Michael A. Bell	Executive Vice President since January 2006	32
Dewey P. Bushaw	Executive Vice President since January 2009	17
Michael S. Robb	Executive Vice President since January 1995	35
Khanh T. Tran	Executive Vice President and Chief Financial Officer since April 2001 and Chief Investment Officer since January 2011	21
Mary Ann Brown	Executive Vice President since April 2010	6

Company History

Pacific Life was founded in 1868 in Sacramento, California by Leland Stanford, also the founder of Stanford University, and a U.S. Senator and Governor of the State of California.

In 1906 the company moved its headquarters to Los Angeles after the great San Francisco earthquake destroyed the company's then existing headquarters.

In 1992 the company acquired First Capital Life Insurance Company in a rehabilitation effort of a failed life insurer. First Capital was merged into Pacific Life in 1997.

In 1997 Pacific Mutual Life Insurance Company, converted from a mutual life insurance company to a mutual holding company structure and Pacific LifeCorp and PMHC were formed.

In 2000 Pacific Life sold controlling interest in PIMCO Advisors, LP to Allianz AG.

In 2005 Pacific Life was redomesticated from California to Nebraska. PMHC did the same in 2007.

Peer Group

- » AXA Financial, Inc.
- » Hartford Financial Services Group Inc.
- » Lincoln National Corporation
- » Manulife Financial Corporation

Subsidiaries Rated by Moody's

- » Pacific Life & Annuity Company

Website

For additional information, please see the company's website: www.pacificlife.com.

MOODY'S has provided links or references to third party World Wide Websites or URLs ("Links or References") solely for your convenience in locating related information and services. The websites reached through these Links or References have not necessarily been reviewed by MOODY'S, and are maintained by a third party over which MOODY'S exercises no control. Accordingly, MOODY'S expressly disclaims any responsibility or liability for the content, the accuracy of the information, and/or quality of products or services provided by or advertised on any third party web site accessed via a Link or Reference. Moreover, a Link or Reference does not imply an endorsement of any third party, any website, or the products or services provided by any third party.

Moody's Related Research

Credit Opinion:

- » [Pacific Life Insurance Company](#)

Industry Outlook

- » [U.S. Life Insurance: Outlook Returns to Stable, May 2010 \(125085\)](#)

Sector Comment:

- » [State Regulators' Probe of Insurers' Death Benefit Practices is Credit Negative, May 2011 \(133503\)](#)

Special Comments:

- » [U.S. Life Insurers' Investment Credit Losses Continue Recovery in 2010; Driven by Lower Bond Losses, May 2011 \(132841\)](#)
- » [Solid Capital Levels for U.S. Life Insurers at YE 2010; Pressure to Redeploy "Excess" Capital, March 2011 \(131727\)](#)
- » [Moody's Q&A: Japan Earthquake's Impact on the Insurance Industry, March 2011 \(131908\)](#)
- » [Moody's Approach to Stress Testing Life Insurers, May 2009 \(117454\)](#)

Rating Methodology:

- » [Moody's Global Rating Methodology for Life Insurers, May 2010 \(123502\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Report Number: 134350

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