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Fitch Affirms Pacific LifeCorp's Ratings; Outlook Stable

Related Content:

Pacific LifeCorp

Fitch Ratings - Chicago - 15 Jul 2026: Fitch Ratings has affirmed Pacific LifeCorp's (PLC) Long-Term Issuer Default Rating (IDR) at 'A' and its senior unsecured debt at 'A-'. Fitch has also affirmed the Long-Term Insurer Financial Strength (IFS) ratings of PLC's insurance operating subsidiaries, including Pacific Life Insurance Company (PLIC), at 'AA-'. The Rating Outlook is Stable.

The affirmation of the ratings reflects the group's favorable company profile, very strong capital position, strong financial performance and moderate investment risk.

Key Rating Drivers

Favorable Company Profile: PLC is a leading provider of individual life insurance and retirement savings products in the U.S. It maintains a strong competitive position within the affluent market and benefits from an extensive distribution network and product offerings. PLC consistently ranks as a top 10 writer of individual life insurance. PLC's global life reinsurance and institutional products continue to expand. In 2023, it launched its workplace benefits business, which is expected to exhibit top-line growth, but not be a meaningful earnings contributor over the near to intermediate term.

Very Strong Capital Position: Fitch considers PLC's capitalization to be very strong based on a Prism capital model score of 'Very Strong' at YE 2024 and is expected to remain 'Very Strong' at YE 2025. This assessment is supported by an NAIC risk-based capital ratio of 536% at its core operating subsidiary, Pacific Life Insurance Company (PLIC), and an increase in PLIC's total adjusted capital (TAC) to $17.5 billion. PLC's financial leverage ratio increased to 20% due to surplus notes issuance in 3Q25 and remains in line with Fitch's expectations.

Strong Financial Performance: PLC's financial performance continues to be strong on a GAAP basis. In 2025, Pacific Mutual Holding Company's (PMHC) operating ROE was about 9%. This is consistent with the prior year. However, operating performance has been weaker on a statutory basis due to growth. Results continue to reflect strong investment performance and the benefits of the higher interest rate environment and strong life and annuity sales.

Moderate Investment Risk: Fitch views the overall quality of PLC's investment portfolio as strong. The company maintains an above-average exposure to assets that Fitch considers risky. However, performance has been strong, and PLC reported minimal impairments in 2025. PLC also maintains material exposure to commercial mortgage loans and has been adding significant commercial and residential mortgages to its portfolio. Fitch believes the company has substantial headroom for losses before capital or ratings would be materially affected.

Strong Coverage: PLC has strong debt service capabilities. Coverage remained steady around 11x at YE 2025 and is expected to remain near this level. The interest coverage ratio is strong for the current rating level. In addition to the strong coverage ratio at the operating company, the holding company targets a 2x coverage. PLIC has $918 million in dividend capacity for 2026.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/ Downgrade

-- Deterioration in the Prism capital model score below 'Very Strong';

-- A financial leverage ratio sustained at or above 23%;

-- Significant earnings and capital volatility, such as a 10% or more drop in TAC;

-- The short-term ratings could be downgraded if the corresponding long-term ratings are downgraded. The short-term ratings could also be downgraded if PLIC's short-term financial flexibility or short-term asset/liability and liquidity management score below 'aa'.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- A material change in the business risk profile that indicates a risk appetite lower than the life insurance sector as a whole;

-- Return on equity (ROE) above 10% and a GAAP-based fixed-charge coverage ratio maintained at or above 10x;

-- Financial leverage of 15% or less.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Pacific Life Global Funding II					
• senior secured	LT	AA-	Affirmed		AA-
Pacific Life Insurance Company	LT IDR	A+	Affirmed		A+
	ST IDR	F1+	Affirmed		F1+

ENTITY/DEBT	RATING			RECOVERY	PRIOR
	LT IFS	AA-	Affirmed		AA-
	ST IFS	F1+	Affirmed		F1+
• subordinated	LT	A	Affirmed		A
• senior unsecured	ST	F1+	Affirmed		F1+
Pacific Life & Annuity Company	LT IFS	AA-	Affirmed		AA-
Pacific LifeCorp	LT IDR	A	Affirmed		A
• senior unsecured	LT	A-	Affirmed		A-
Pacific Life Short Term Funding, LLC					
• senior secured	ST	F1+	Affirmed		F1+

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

Insurance Rating Criteria (pub.29 May 2026) (including rating assumption sensitivity)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism U.S. Life Insurance Capital Model, v1.3.5-2024 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

Pacific Life & Annuity Company	EU Endorsed, UK Endorsed
Pacific Life Global Funding II	EU Endorsed, UK Endorsed
Pacific Life Insurance Company	EU Endorsed, UK Endorsed
Pacific Life Short Term Funding, LLC	EU Endorsed, UK Endorsed
Pacific LifeCorp	EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

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