

BEST'S RATING REPORT



PACIFIC LIFE

PACIFIC LIFE GROUP

AMB #: 069720

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

PACIFIC LIFE INSURANCE COMPANY

A+

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Best's Credit Rating Effective Date

June 04, 2021

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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)

A+
Superior
Outlook: Stable
Action: Affirmed

Issuer Credit Rating (ICR)

aa
Superior
Outlook: Stable
Action: Affirmed

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

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

Rating Rationale

Balance Sheet Strength: **Strongest**

- High level of risk-based capital supported by high BCAR levels in all VaR scenarios.
- High levels of liquidity driven by a robust asset/liability program, which is designed for liquidity in stressed scenarios.
- The group has de-risked its product liability structure, which supports a more consistent view of capital.

Operating Performance: **Strong**

- Earnings profile that has demonstrated underwriting performance and growth in net premium over the long term.
- Downward pressure on earnings in 2020 due to low interest rates and elevated mortality issues from COVID-19.
- Product sales growth is outpacing the overall industry in the group's core life and annuity products.

Business Profile: **Favorable**

- Pacific Life 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 developed 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 in the strongest range over the intermediate term, supported by risk-adjusted capitalization that is expected to remain at the strongest level, as measured by BCAR, while maintaining favorable market positions, very strong ERM structure and practices, and expected long-term profitability across multiple business lines.

Rating Drivers

- Negative rating action could occur if there is a significant and sustained decline in risk-adjusted capitalization.
- Negative rating action could occur if the recent decline in operating performance is sustained.

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	60.1	45.1	38.7	37.1

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

Key Financial Indicators USD (000)	3-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Assets:							
General Account	102,207,314	93,876,346	100,474,762	92,710,083	81,870,644	73,781,135	67,246,231
Separate Accounts	67,551,568	50,638,337	66,482,251	60,191,610	53,708,584	61,455,858	57,425,562
Total	169,758,882	144,514,684	166,957,014	152,901,693	135,579,228	135,236,993	124,671,793
Liabilities:							
Net Life Reserves	76,519,691	73,323,866	76,006,087	72,157,293	63,973,186	57,930,315	53,584,167
Net Accident & Health Reserves	17,943	17,851	16,881	17,855	18,873	20,174	19,182
Liability for Deposit Contracts	7,782,128	5,149,543	7,142,811	4,935,528	4,424,827	3,821,503	3,358,082
Asset Valuation Reserve	353,087	771,410	473,452	746,577	965,016	611,759	692,568
Other General Account	6,166,287	4,247,919	5,471,338	4,343,228	2,797,308	2,084,502	1,043,812
Total	158,390,705	134,148,926	155,592,820	142,392,092	125,887,794	125,924,111	116,123,372
Total Capital and Surplus	11,368,178	10,365,758	11,364,193	10,509,601	9,691,434	9,312,882	8,548,420
Net Income	215,676	-320,113	-131,336	1,707,647	887,915	1,207,484	852,157
Net Premiums Earned	2,535,880	3,036,113	12,212,656	14,007,173	12,799,083	9,788,498	8,764,026
Net Investment Income	818,452	996,553	3,382,222	4,004,391	2,955,902	3,067,787	2,572,344

Source: BestLink® - Best's Financial Suite

Key Financial Ratios (%)	3-Months		Year End - December 31					Weighted Average
	2021	2020	2020	2019	2018	2017	2016	
Operating Return on Revenue	-2.6	-0.4	...	4.6	5.8	5.8	6.7	4.4
Operating Return on Capital and Surplus	-3.2	-0.6	-0.1	8.6	10.0	8.9	10.0	7.2
Net Investment Yield	3.3	4.3	3.6	4.7	3.9	4.5	4.1	4.1
Pre-Tax Investment Total Return	3.2	3.6	3.3	5.2	4.2	4.8	4.1	4.3

Source: BestLink® - Best's Financial Suite

Leverage (%)	3-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
General Account Liabilities to Capital and Surplus	8.0	8.1	7.8	7.8	7.4	6.9	6.9
Higher Risk Assets to Capital and Surplus:							
Mortgages Not in Good Standing	...	...	0.2	0.2	0.2	2.4	2.6
All Other Higher Risk Assets	73.9	68.1	71.5	60.7	73.5	69.0	48.2

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	3-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Current Liquidity (%)	73.5	74.6	73.8	75.0	72.7	72.8	73.4
Net Operating Cash Flow USD (000)	182,354	1,132,602	3,645,016	9,762,149	6,819,422	5,016,800	4,360,799

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Pacific Life's general account invested assets totaled approximately \$97.3 billion at year-end 2020. Invested assets are primarily comprised of public/private corporate and government bonds (65% of invested assets), commercial mortgage loans (16%), policy loans (8%), and cash and other short-term investments (2%). Approximately 12% 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 \$700 million 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. The company had no outstanding borrowings from the FHLB of Topeka as of year-end.

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, respectively, with June 2023 maturity dates.

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 increased to approximately \$11.4 billion at year-end 2020 compared to approximately \$10.5 billion at year-end 2019. PLIC's risk adjusted capitalization levels increased in 2020 mostly due to changes in reserve valuation, AVR, and paid in surplus. 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. During 2017, the company replaced some higher coupon surplus notes with lower coupon 50 year surplus notes, further improving financial flexibility and the capital profile of the company. In 2020, PLC issued \$750 million of senior notes, \$650 million of which was down-streamed to PLIC.

Capital Generation Analysis USD (000)	3-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Beginning Capital and Surplus	11,364,193	10,509,601	10,509,601	9,691,434	9,312,882	8,548,420	7,762,480
Net Operating Gain	-90,955	-16,826	-7,930	871,468	947,163	792,752	817,048
Net Realized Capital Gains (Losses)	306,631	-303,287	-123,406	836,179	-59,248	414,732	35,109
Net Unrealized Capital Gains (Losses)	-278,991	36,653	-171,658	-547,548	248,697	-298,154	29,315
Net Change in Paid-In Capital and Surplus	97	-55,911	594,230	188	188	14,713	-55,956
Stockholder Dividends	...	...	...	-650,000	...	-160,000	...
Other Changes in Capital and Surplus	67,203	195,528	563,356	307,878	-758,248	419	-39,574
Net Change in Capital and Surplus	3,984	-143,843	854,592	818,166	378,552	764,462	785,941
Ending Capital and Surplus	11,368,178	10,365,758	11,364,193	10,509,601	9,691,434	9,312,882	8,548,420
Net Change in Capital and Surplus (%)	...	-1.4	8.1	8.4	4.1	8.9	10.1
Net Change in Capital and Surplus (5 yr CAGR)	...	...	7.9	...	...	...	...

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

On a statutory basis, Pacific Life's bond portfolio, as of year-end 2020, included 6% in below investment grade securities (BIG) bonds, and the overall bond portfolio represented roughly 65% 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 (53%) is elevated relative to the industry. 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 16% of assets and the amount of direct real estate investments is minimal, comprising less than 1% of total investments. 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				
	2021	2020	2020	2019	2018	2017	2016
Total Cash and Invested Assets USD (000)	98,562,209	91,690,776	97,293,299	90,525,964	79,291,303	71,205,996	64,881,823
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	1.2	2.2	2.2	4.2	0.8	1.6	1.2
Bonds	65.7	64.9	64.9	63.2	64.6	63.4	64.3
Mortgage Loans	15.2	15.3	15.2	15.1	15.7	16.1	15.8
Other Invested Assets	14.1	13.9	13.7	13.8	13.7	14.2	14.2
Total Unaffiliated	96.2	96.3	96.1	96.3	94.9	95.4	95.5
Investments in Affiliates	4.1	3.9	4.2	4.0	8.1	7.4	4.7
Non-Admitted	-0.3	-0.2	-0.3	-0.2	-0.2	-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	0.5	0.4	0.1	1.0	14.4
Government Agencies and Municipal Bonds	0.3	1.1	0.7	1.1	1.4	12.9
Industrial and Miscellaneous Bonds	3.2	26.0	36.1	11.2	15.4	9.8
Bank Loans	...	0.6	0.4	0.1	...	5.7
Hybrid Securities	...	...	...	...	...	16.9
Affiliated Bonds	...	...	0.1	...	...	5.6
Total Bonds	3.7	28.3	37.7	12.5	17.8	10.0

Source: BestLink® - Best's Financial Suite

Bonds - Distribution by Issuer	Year End - December 31				
	2020	2019	2018	2017	2016
Bonds USD (000)	63,259,131	57,288,605	51,331,143	45,223,147	41,703,478
US Government (%)	1.3	1.6	1.2	1.4	1.5
Foreign Government (%)	0.9	0.9	1.2	1.1	1.3
Foreign - All Other (%)	22.9	22.8	24.3	23.8	23.6
State, Municipal & Special Revenue (%)	4.6	3.8	3.0	2.5	2.8
Industrial & Miscellaneous (%)	70.1	70.8	69.8	70.1	70.3
Hybrid Securities (%)	...	...	0.4	0.2	0.3
SVO Identified (%)	...	...	...	0.9	...
Affiliated (%)	0.1	0.1	0.2	0.1	...
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 billion of financial debt as of year-end 2020, \$1.7 billion of which was issued by PLIC in the form of surplus notes. PMHC maintained consolidated financial Leverage ratio of 14.9% at year-end 2020.

Balance Sheet Strength (Continued...)**Financial Leverage Summary - Holding Company**

Financial Leverage Ratio (%)	14.90
Adjusted Financial Leverage Ratio (%)	14.90
Interest Coverage (x)	-6.50

Operating Performance

On a statutory basis, total revenue decreased to \$16.3 billion, or 13.2%, in 2020, driven by a decline in premiums. Total revenue was \$16.2 billion in 2018.

Statutory net income was -\$0.1 billion in 2020, compared to \$1.7 billion in 2019, compared to \$0.9 billion in 2018 and \$1.2 billion in 2017. Stat earnings were driven by hedging losses, low interest rates and higher mortality in 2020.

Statutory net income in 2017 benefited from a large one time re-measurement of the company's deferred tax liability benefit related to the aircraft leasing company and is not a recurring event (realized gains accounted for all of the difference in net income). 2019 income was higher due to realized capital gains (Aviation Capital Group).

Consolidated GAAP net income totaled \$-\$669 million in 2020, \$728 million in 2019 and approximately \$916 million in 2018. The 2020 results were driven by the impact of actuarial assumptions changes, lower interest rates, increased hedging costs, increased mortality due to COVID 19, and a decline in earned spreads.

The Life Insurance segment 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.

The Retirement Solutions segment products include variable and fixed annuities, mutual funds, structured settlement and group annuities 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 primarily includes the domestic retrocession business, which was acquired in August, 2011, due to the acquisition of the retrocession business from Manulife Financial Corporation. The Reinsurance segment also includes international reinsurance, which Pacific Life has assumed from its affiliated Pacific Life Re Limited, a wholly owned subsidiary of Pacific LifeCorp.

The Aviation Capital Group offers aircraft leasing to the airline industry throughout the world and provides brokerage and asset management services to other third-parties. It was sold to Tokyo Century Group in December 2019.

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.

Year End - December 31

Net Operating Gain By LOB USD (000)	2020	2019	2018	2017	2016
Individual Life	-757,535	-585,666	280,922	-241,151	2,246
Group Life	184	205	198	-35	201
Individual Annuities	552,243	235,931	367,803	512,068	677,824
Group Annuities	55,792	57,158	78,233	67,940	117,905
Accident & Health	-529	-639	-235	-1,777	-1,604
Other Lines of Business	191,739	1,146,648	220,243	455,708	20,476
YRT Mortality Risk Only	-49,824	17,832	...	...	...
Total	-7,930	871,468	947,163	792,752	817,048

Source: BestLink® - Best's Financial Suite

Operating Performance (Continued...)

Year End - December 31

Accident & Health Statistics	2020	2019	2018	2017	2016
Net Premiums Written USD (000)	1,333	1,564	1,150	2,444	2,324
Net Premiums Earned USD (000)	1,333	1,564	1,150	2,444	2,324
Claims and Cost Containment Ratio (%)	174.3	150.0	117.3	184.7	150.3
Expense Ratio (%)	0.2	7.3	8.4	17.9	16.5
Combined Ratio (%)	174.4	157.3	125.7	202.6	166.8
Underwriting Results USD (000)	-992	-897	-295	-2,508	-1,552

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 as of 2020 included the Life Insurance Division (LID), Retirement Solutions Division (RSD), Institutional Division and Reinsurance, which includes the international reinsurance operations of Pacific Life Re 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 (previously included in RSD) as well as stable value wrap and spread lending products.

LID's principal 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.

RSD 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. RSD 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 five in pension risk transfer sales and stable value notional outstanding for 2020, and top 10 in 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 Limited (PLRL), an affiliate of PLIC and a wholly owned subsidiary of Pacific LifeCorp. PLRL reinsurance risks are primarily mortality risks in the UK and Asia along with some assumption of retrocession business from larger reinsurers and some UK related longevity swaps from insurers and pension funds without material investment risk.

Business Profile (Continued...)

	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	USD (000)	%	USD (000)	%	USD (000)	%	USD (000)	%	%
2020 By Line Business									
Ordinary Life	4,017,405	32.1	831,849	92.2	1,179,948	98.2	3,669,305	30.0	75.7
Group Life	...	...	...	...	33	...	-33	...	...
Individual Annuities	6,288,343	50.3	17,547	1.9	21,477	1.8	6,284,413	51.5	99.7
Group Annuities	2,205,948	17.6	51,690	5.7	...	...	2,257,637	18.5	100.0
Individual Accident & Health	...	...	1,333	0.1	...	...	1,333	...	100.0
Total	12,511,696	100.0	902,418	100.0	1,201,458	100.0	12,212,656	100.0	91.0

Source: BestLink® - Best's Financial Suite

Year End - December 31**Geographic Breakdown by Direct Premiums Written and Deposit-Type Contracts USD (000)**

	2020	2019	2018	2017	2016
California	1,427,282	1,810,231	1,621,959	1,390,346	1,240,684
Colorado	1,131,461	1,490,978	1,467,469	1,315,318	1,275,778
Texas	891,662	1,214,305	1,044,726	670,520	635,989
Florida	861,822	1,031,530	895,868	639,642	611,509
Illinois	555,055	721,105	652,281	464,852	483,602
Top 5 States	4,867,282	6,268,149	5,682,304	4,480,678	4,247,562
All Other	8,394,619	8,999,802	8,306,038	6,243,440	5,494,659
Total	13,261,901	15,267,950	13,988,341	10,724,118	9,742,221
Geographic Concentration Index	0.04	...	...	...	...

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 40%. The company mostly utilizes reinsurers that are rated between A- and A+ on A.M. Best's FSR scale (one reinsurer is Not Rated).

Financial Statements

	3-Months		Year End - December 31			
	2021		2020		2019	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	1,214,241	0.7	2,134,716	1.3	3,797,332	2.5
Bonds	64,810,668	38.2	63,259,131	37.9	57,288,605	37.5
Preferred and Common Stock	135,312	0.1	140,751	0.1	272,457	0.2
Other Invested Assets	32,401,988	19.1	31,758,701	19.0	29,167,571	19.1
Total Cash and Invested Assets	98,562,209	58.1	97,293,299	58.3	90,525,964	59.2
Premium Balances	256,409	0.2	274,520	0.2	307,390	0.2
Net Deferred Tax Asset	420,659	0.2	424,965	0.3	323,436	0.2
Other Assets	2,968,037	1.7	2,481,980	1.5	1,553,293	1.0
Total General Account Assets	102,207,314	60.2	100,474,762	60.2	92,710,083	60.6
Separate Account Assets	67,551,568	39.8	66,482,251	39.8	60,191,610	39.4
Total Assets	169,758,882	100.0	166,957,014	100.0	152,901,693	100.0
Net Life Reserves	76,519,691	45.1	76,006,087	45.5	72,157,293	47.2
Net Accident & Health Reserves	17,943	...	16,881	...	17,855	...
Liability for Deposit Contracts	7,782,128	4.6	7,142,811	4.3	4,935,528	3.2
Asset Valuation Reserve	353,087	0.2	473,452	0.3	746,577	0.5
Other Liabilities	6,166,287	3.6	5,471,338	3.3	4,343,228	2.8
Total General Account Liabilities	90,839,137	53.5	89,110,569	53.4	82,200,482	53.8
Separate Account Liabilities	67,551,568	39.8	66,482,251	39.8	60,191,610	39.4
Total Liabilities	158,390,705	93.3	155,592,820	93.2	142,392,092	93.1
Capital Stock	30,000	...	30,000	...	30,000	...
Paid-In and Contributed Surplus	1,835,839	1.1	1,835,789	1.1	1,185,789	0.8
Unassigned Surplus	7,699,077	4.5	7,693,204	4.6	7,425,142	4.9
Other Surplus	1,803,262	1.1	1,805,201	1.1	1,868,670	1.2
Total Capital and Surplus	11,368,178	6.7	11,364,193	6.8	10,509,601	6.9
Total Liabilities, Capital and Surplus	169,758,882	100.0	166,957,014	100.0	152,901,693	100.0

Source: BestLink® - Best's Financial Suite

Income Statement USD (000)	3-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Earned:				
Individual Life	...	...	3,233,777	3,090,786
Group Life	...	...	-33	-32
Individual Annuities	...	...	6,284,413	8,560,643
Group Annuities	...	...	2,257,637	1,885,930
Accident & Health	...	...	1,333	1,564
YRT Mortality Risk Only	...	...	435,528	468,282
Total Net Premiums Earned	2,535,880	3,036,113	12,212,656	14,007,173
Net Investment Income	818,452	996,553	3,382,222	4,004,391
Reserve Adjustments on Reinsurance Ceded	-213,985	-246,057	-779,554	-932,117
Other Income	412,838	390,694	1,522,722	1,736,014
Total Revenue	3,553,185	4,177,302	16,338,045	18,815,461
Policy Benefits	3,628,921	4,249,386	14,520,939	18,703,931
Commissions and Expense Allowances	255,359	284,739	1,012,731	1,180,976
Insurance and Other Expense	256,289	327,456	1,127,370	985,241
Net Transfers to (from) Separate Accounts	-493,030	-509,652	-136,164	-2,898,351
Dividends to Policyholders	2,039	2,313	8,230	9,088
Pre-Tax Net Operating Gain	-96,393	-176,939	-195,060	834,576
Income Taxes Incurred	-5,438	-160,113	-187,130	-36,892
Net Operating Gain	-90,955	-16,826	-7,930	871,468
Net Realized Capital Gains	306,631	-303,287	-123,406	836,179
Net Income	215,676	-320,113	-131,336	1,707,647

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	3-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Collected	2,548,021	3,015,226	11,732,204	13,784,775
Net Investment Income	721,289	924,701	3,544,367	3,979,354
Other Income Received	209,667	187,551	794,707	872,531
Total Collected Operating Revenue	3,478,976	4,127,478	16,071,278	18,636,660
Net Benefits and Loss Related Payments	3,134,396	2,746,860	10,081,565	10,436,041
Commissions and Other Expenses Paid	584,027	729,438	2,130,311	2,134,305
Net Transfers to (from) Separate Accounts	-446,815	-497,484	-283,891	-2,900,366
Dividends to Policyholders	2,283	2,369	8,995	8,927
Income Taxes Paid (Recovered)	22,731	13,693	489,281	-804,396
Total Paid Expenses and Transfers	3,296,622	2,994,876	12,426,262	8,874,511
Net Operating Cash Flow	182,354	1,132,602	3,645,016	9,762,149

Source: BestLink® - Best's Financial Suite

Last Update

June 04, 2021

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: June 04, 2021

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

AMB#	Rating Unit Members	Best's Credit Ratings		
		Financial Strength Rating	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

	2020	2019	2018	2017	2016
Pacific Life Group					
Face Amount Reinsurance Ceded USD (000)	204,288,981	196,418,205	175,385,542	160,439,788	153,040,825
Affiliated Reinsurance Recoverable / Capital & Surplus (%)	0.8	...	...	...	...
Unaffiliated Reinsurance Recoverable / Capital & Surplus (%)	3.8	3.1	2.9	2.4	2.4
Total Reinsurance Recoverable / Capital & Surplus (%)	4.6	3.1	2.9	2.4	2.4
Surplus Relief (%)	0.6	1.7	1.8	1.7	1.6
Reinsurance Leverage (%)	39.8	38.4	42.1	38.1	40.7
Individual Annuity Composite					
Total Reinsurance Recoverable / Capital & Surplus (%)	3.7	2.9	2.7	3.0	3.2
Reinsurance Leverage (%)	198.5	165.6	163.4	166.9	162.5

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

3-Months

Year End - December 31

	2021	2020	2020	2019	2018	2017	2016
Bond Portfolio							
Bonds & Short Term Investments USD (000)	64,820,783	60,536,930	63,267,753	59,779,965	51,361,143	45,243,591	42,364,712
Unaffiliated Bonds:							
US Government	...	...	1.3	1.6	1.2	1.4	1.5
Foreign Government	...	...	0.9	0.9	1.2	1.1	1.3
Foreign – All Other	...	...	22.9	22.8	24.3	23.8	23.6
State, Municipal & Special Revenue	...	...	4.6	3.8	3.0	2.5	2.8
Industrial & Miscellaneous	...	...	70.1	70.8	69.8	70.1	70.3
Hybrid Securities	...	...	...	...	0.4	0.2	0.3
SVO Identified	...	...	...	...	...	0.9	...
Affiliated	...	...	0.1	0.1	0.2	0.1	...
Total Bonds	...	...	100.0	100.0	100.0	100.0	100.0
By Private vs Public (%)							
Private issues	...	...	44.0	40.4	39.6	37.9	37.4
Public issues	...	...	56.0	59.6	60.4	62.1	62.6
By Quality (%)							
Class 1	39.7	43.0	40.5	45.2	41.2	40.9	43.2
Class 2	53.9	51.7	53.3	50.6	54.2	53.8	51.4
Class 3	5.1	4.0	4.8	2.9	3.3	4.0	4.1
Class 4	0.9	1.0	1.1	0.9	1.0	1.1	0.9
Class 5	0.3	0.2	0.3	0.3	0.4	0.2	0.4
Class 6	...	0.1	...	0.1	...	...	...
Below Investment Grade (NAIC 3-6)	6.3	5.3	6.2	4.2	4.6	5.3	5.4
Below Investment Grade - % of Capital & Surplus	36.1	30.8	33.0	22.3	22.3	24.2	24.9

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Asset Liability Management | Investments (Continued...)

	3-Months			Year End - December 31			
	2021	2020	2020	2019	2018	2017	2016
Stock Portfolio							
Stocks USD(000)	135,312	232,983	140,751	272,457	156,574	175,111	2,115,537
By Type (%)							
Unaffiliated Common	...	...	8.1	3.5	5.1	3.3	0.4
Affiliated Common	...	...	85.2	91.9	86.7	89.2	98.6
Unaffiliated Preferred	...	...	6.6	4.6	8.2	7.5	1.0

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

A&H Current Year Experience

	Premiums Written USD(000)	Premiums Earned USD(000)	Loss Ratio (%)	Expense Ratio (%)	Underwriting Results USD(000)
Group	...	...	...	...	92
Individual:					
Non-cancelable	...	...	999.9	6.8	-547
Guaranteed renewable	1,333	1,333	133.3	7.0	-537

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

		Year End - December 31			
	2020	2019	2018	2017	2016
By Line Breakdown - NPW USD (000)					
Individual Life	3,233,777	3,090,786	3,585,493	3,266,124	2,965,034
Group Life	-33	-32	-38	-36	-34
Individual Annuities	6,284,413	8,560,643	8,292,860	5,678,712	5,237,329
Group Annuities	2,257,637	1,885,930	919,617	841,254	559,373
Accident & Health	1,333	1,564	1,150	2,444	2,324
YRT Mortality Risk Only	435,528	468,282	...	...	...
Total	12,212,656	14,007,173	12,799,083	9,788,498	8,764,026

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)**

	2020	2019	2018	2017	2016
California	1,427,282	1,810,231	1,621,959	1,390,346	1,240,684
Colorado	1,131,461	1,490,978	1,467,469	1,315,318	1,275,778
Texas	891,662	1,214,305	1,044,726	670,520	635,989
Florida	861,822	1,031,530	895,868	639,642	611,509
Illinois	555,055	721,105	652,281	464,852	483,602
Michigan	547,205	600,214	511,449	324,103	273,054
Indiana	520,799	288,195	269,354	197,515	160,321
Wisconsin	499,013	338,294	323,468	256,626	230,266
New York	478,810	664,157	566,236	517,147	474,609
Pennsylvania	439,512	403,090	359,365	278,838	263,584
All Other	5,909,281	6,705,852	6,276,166	4,669,211	4,092,825
Total	13,261,901	15,267,950	13,988,341	10,724,118	9,742,221
Geographic Concentration Index	0.04	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2020	2019	2018	2017	2016

By Line Reserves USD (000)

Individual Life	35,495,338	33,457,884	31,546,704	30,405,526	28,471,199
Individual Annuities	33,405,978	31,945,049	27,478,612	23,322,719	21,500,807
Group Life	14,282	14,027	13,906	13,580	14,840
Group Annuities	6,037,374	5,744,171	4,138,360	3,438,556	2,820,015
Deposit Type Contracts	7,142,811	4,935,528	4,424,827	3,821,503	3,358,082
Accident & Health	16,881	17,855	18,873	20,174	19,182
Other	...	...	2,809	2,856	2,979
Total (including Supplemental Contracts)	82,112,663	76,114,514	67,624,090	61,024,914	56,187,104

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2020	2019	2018	2017	2016

Life Policies Statistics

Ordinary Policies					
Issued	70,633	62,826	55,727	36,584	23,120
In Force	5,475,687	6,013,902	6,650,146	6,822,621	7,211,085
Group Policies					
In Force	6	6	6	6	6
Group Certificates					
In Force	146	149	154	161	174
Life Insurance In Force USD (000)					
Whole Life & Endowment & Additions	158,917,419	153,617,609	150,832,102	146,754,094	135,220,356
Term	387,129,832	360,693,124	351,091,334	342,898,030	350,784,907
Group	17,964	17,858	17,904	17,890	19,644
New Life Business Issued USD (000)					
Whole Life & Endowment & Additions	9,495,404	10,534,839	11,550,264	10,021,715	8,291,810
Term	44,674,133	35,316,987	29,779,439	19,482,981	11,975,590

Source: BestLink® - Best's Financial Suite

Last Update

July 19, 2021

Identifiers**AMB #:** 006885**NAIC #:** 67466**FEIN #:** 95-1079000**LEI #:** 8WC3XYHE06SQFW7CQK10**Contact Information**Administrative Office:700 Newport Center Drive,
Newport Beach, California
92660-6397
United StatesDomiciliary 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.

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 (\$2 Billion or greater)

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 -						
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
May 9, 2018	A+	Stable	Affirmed	aa	Stable	Upgraded
Jan 6, 2017	A+	Stable	Affirmed	aa-	Positive	Affirmed

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

Best's Short-Term Issuer Credit Ratings	
Effective Date	Rating
Current -	
Jun 4, 2021	AMB-1+
May 29, 2020	AMB-1+
May 24, 2019	AMB-1+
May 9, 2018	AMB-1+
Jan 6, 2017	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**

Chairman, President and CEO: James T. Morris

EVP and CFO: 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 Boullion 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 Balance 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 2020 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			
	2021		2020		2019	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	1,160,432	0.7	2,000,148	1.3	3,710,560	2.5
Bonds	60,401,332	37.3	58,896,972	37.0	53,042,350	36.4
Preferred and Common Stock	677,303	0.4	689,063	0.4	811,578	0.6
Other Invested Assets	31,965,155	19.7	31,310,964	19.7	28,710,461	19.7
Total Cash and Invested Assets	94,204,222	58.1	92,897,147	58.3	86,274,950	59.2
Premium Balances	256,295	0.2	274,394	0.2	307,278	0.2
Net Deferred Tax Asset	406,360	0.3	410,656	0.3	313,708	0.2
Other Assets	2,897,022	1.8	2,427,937	1.5	1,498,372	1.0
Total General Account Assets	97,763,899	60.3	96,010,134	60.3	88,394,308	60.7
Separate Account Assets	64,298,824	39.7	63,283,167	39.7	57,266,846	39.3
Total Assets	162,062,723	100.0	159,293,301	100.0	145,661,155	100.0
Net Life Reserves	72,925,500	45.0	72,397,115	45.4	68,658,950	47.1
Net Accident & Health Reserves	17,943	...	16,881	...	17,855	...
Liability for Deposit Contracts	6,928,975	4.3	6,280,823	3.9	4,118,556	2.8
Asset Valuation Reserve	348,567	0.2	468,775	0.3	727,945	0.5
Other Liabilities	6,174,735	3.8	5,482,347	3.4	4,361,401	3.0
Total General Account Liabilities	86,395,722	53.3	84,645,941	53.1	77,884,708	53.5
Separate Account Liabilities	64,298,824	39.7	63,283,167	39.7	57,266,846	39.3
Total Liabilities	150,694,546	93.0	147,929,108	92.9	135,151,554	92.8
Capital Stock	30,000	...	30,000	...	30,000	...
Paid-In and Contributed Surplus	1,835,839	1.1	1,835,789	1.2	1,185,789	0.8
Unassigned Surplus	7,699,077	4.8	7,693,204	4.8	7,425,142	5.1
Other Surplus	1,803,262	1.1	1,805,201	1.1	1,868,670	1.3
Total Capital and Surplus	11,368,178	7.0	11,364,193	7.1	10,509,601	7.2
Total Liabilities, Capital and Surplus	162,062,723	100.0	159,293,301	100.0	145,661,155	100.0

Source: BestLink® - Best's Financial Suite

AMB #: 006885 - Pacific Life Insurance Company
Year End - December 31

Income Statement USD (000)

	3-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Earned:				
Individual Life	...	...	3,219,321	3,075,297
Group Life	...	...	-33	-32
Individual Annuities	...	...	5,880,439	8,009,637
Group Annuities	...	...	2,223,254	1,885,930
Accident & Health	...	...	1,333	1,564
YRT Mortality Risk Only	...	...	435,528	468,282
Total Net Premiums Earned	2,448,179	2,899,671	11,759,841	13,440,678
Net Investment Income	764,950	928,793	3,181,766	3,829,565
Reserve Adjustments on Reinsurance Ceded	-213,935	-245,974	-779,299	-931,997
Other Income	395,978	373,624	1,455,151	1,668,201
Total Revenue	3,395,171	3,956,115	15,617,460	18,006,447
Policy Benefits	3,484,098	4,006,355	13,859,035	17,825,369
Commissions and Expense Allowances	247,225	275,086	979,046	1,143,155
Insurance and Other Expense	252,012	323,483	1,098,029	964,427
Net Transfers to (from) Separate Accounts	-477,630	-487,640	-95,282	-2,754,460
Dividends to Policyholders	2,039	2,313	8,230	9,088
Pre-Tax Net Operating Gain	-112,573	-163,482	-231,598	818,868
Income Taxes Incurred	-3,743	-163,573	-196,529	-50,499
Net Operating Gain	-108,830	91	-35,069	869,367
Net Realized Capital Gains	319,010	-317,229	-63,632	846,512
Net Income	210,179	-317,138	-98,701	1,715,880

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)

	3-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Collected	2,460,311	2,878,752	11,279,398	13,218,336
Net Investment Income	671,866	864,084	3,346,631	3,806,318
Other Income Received	193,027	170,779	728,226	805,778
Total Collected Operating Revenue	3,325,204	3,913,615	15,354,255	17,830,432
Net Benefits and Loss Related Payments	2,982,275	2,603,378	9,576,980	9,880,752
Commissions and Other Expenses Paid	571,504	715,739	2,077,156	2,075,311
Net Transfers to (from) Separate Accounts	-433,899	-475,961	-245,692	-2,751,796
Dividends to Policyholders	2,283	2,369	8,995	8,927
Income Taxes Paid (Recovered)	22,731	13,693	481,892	-818,801
Total Paid Expenses and Transfers	3,144,894	2,859,218	11,899,332	8,394,393
Net Operating Cash Flow	180,310	1,054,397	3,454,923	9,436,039

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

	3-Months		Year End - December 31				
Key Financial Indicators USD (000)	2021	2020	2020	2019	2018	2017	2016
Assets:							
General Account	97,763,899	89,399,697	96,010,134	88,394,308	77,909,525	70,118,212	63,845,953
Separate Accounts	64,298,824	48,156,641	63,283,167	57,266,846	51,087,324	58,534,118	54,782,494
Total	162,062,723	137,556,338	159,293,301	145,661,155	128,996,849	128,652,331	118,628,447
Liabilities:							
Net Life Reserves	72,925,500	69,747,370	72,397,115	68,658,950	60,767,847	54,941,978	50,806,228
Net Accident & Health Reserves	17,943	17,851	16,881	17,855	18,873	20,174	19,182
Liability for Deposit Contracts	6,928,975	4,306,565	6,280,823	4,118,556	3,673,719	3,135,262	2,721,462
Asset Valuation Reserve	348,567	731,813	468,775	727,945	938,247	596,919	674,826
Other General Account	6,174,735	4,230,341	5,482,347	4,361,401	2,819,404	2,110,997	1,075,835
Total	150,694,546	127,190,580	147,929,108	135,151,554	119,305,414	119,339,449	110,080,027
Total Capital and Surplus	11,368,178	10,365,758	11,364,193	10,509,601	9,691,434	9,312,882	8,548,420
Net Income	210,179	-317,138	-98,701	1,715,880	868,726	1,201,443	849,987
Net Premiums Earned	2,448,179	2,899,671	11,759,841	13,440,678	12,254,201	9,267,944	8,300,488
Net Investment Income	764,950	928,793	3,181,766	3,829,565	2,772,948	2,909,503	2,414,588

Source: BestLink® - Best's Financial Suite

	3-Months		Year End - December 31					Weighted Average
Key Financial Ratios (%)	2021	2020	2020	2019	2018	2017	2016	
Operating Return on Revenue	-3.2	...	-0.2	4.8	6.0	6.1	7.0	4.6
Operating Return on Capital and Surplus	-3.8	...	-0.3	8.6	9.8	8.8	9.8	7.0
Net Investment Yield	3.2	4.3	3.5	4.7	3.9	4.5	4.1	4.1
Pre-Tax Investment Total Return	3.2	3.3	3.3	5.2	4.2	4.9	4.1	4.3
Leverage (%)								
General Account Liabilities to Capital and Surplus	7.6	7.6	7.4	7.4	7.0	6.5	6.5	...
Higher Risk Assets to Capital and Surplus:								
Mortgages Not in Good Standing	...	...	0.2	0.2	0.2	2.4	2.6	...
All Other Higher Risk Assets	72.2	66.6	69.8	59.4	72.0	67.1	46.9	...
Liquidity Analysis								
Current Liquidity (%)	72.1	73.0	72.3	73.5	71.1	71.1	71.8	...
Net Operating Cash Flow USD (000)	180,310	1,054,397	3,454,923	9,436,039	6,549,407	4,768,058	4,158,060	...

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

	3-Months		Year End - December 31				
Capital Generation Analysis USD (000)	2021	2020	2020	2019	2018	2017	2016
Beginning Capital and Surplus	11,364,193	10,509,601	10,509,601	9,691,434	9,312,882	8,548,420	7,762,480
Net Operating Gain	-108,830	91	-35,069	869,367	927,466	783,909	803,290
Net Realized Capital Gains (Losses)	319,010	-317,229	-63,632	846,512	-58,739	417,534	46,697
Net Unrealized Capital Gains (Losses)	-273,341	26,190	-172,380	-547,043	252,330	-293,265	38,161
Net Change in Paid-In Capital and Surplus	97	-55,911	594,230	188	188	14,713	-55,956
Stockholder Dividends	...	...	...	-650,000	...	-160,000	...
Other Changes in Capital and Surplus	67,049	203,016	531,443	299,142	-742,692	1,570	-46,252
Net Change in Capital and Surplus	3,984	-143,843	854,592	818,166	378,552	764,462	785,941
Ending Capital and Surplus	11,368,178	10,365,758	11,364,193	10,509,601	9,691,434	9,312,882	8,548,420
Net Change in Capital and Surplus (%)	...	-1.4	8.1	8.4	4.1	8.9	10.1
Net Change in Capital and Surplus (5 yr CAGR)	...	...	7.9	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
Ceded Reinsurance Analysis	2020	2019	2018	2017	2016
Pacific Life Insurance Company					
Face Amount Reinsurance Ceded USD (000)	202,705,903	194,798,537	173,751,491	158,746,086	151,105,814
Affiliated Reinsurance Recoverable / Capital & Surplus (%)	0.8	...	...	...	...
Unaffiliated Reinsurance Recoverable / Capital & Surplus (%)	3.8	3.1	2.9	2.4	2.4
Total Reinsurance Recoverable / Capital & Surplus (%)	4.6	3.1	2.9	2.4	2.4
Surplus Relief (%)	0.6	1.7	1.8	1.7	1.6
Reinsurance Leverage (%)	39.8	38.3	41.9	37.9	40.5
Individual Annuity Composite					
Total Reinsurance Recoverable / Capital & Surplus (%)	3.7	2.9	2.7	3.0	3.2
Reinsurance Leverage (%)	198.5	165.6	163.4	166.9	162.5

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

	3-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Composition of Cash and Invested Assets							
Total Cash and Invested Assets USD (000)	94,204,222	87,285,848	92,897,147	86,274,950	75,391,086	67,614,565	61,549,470
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	1.2	2.1	2.2	4.3	0.8	1.6	1.2
Bonds	64.0	63.2	63.3	61.4	62.8	61.6	62.5
Mortgage Loans	15.5	15.6	15.5	15.4	15.9	16.2	15.8
Other Invested Assets	14.7	14.5	14.3	14.4	14.4	14.9	14.9
Total Unaffiliated	95.5	95.4	95.3	95.5	93.9	94.3	94.4
Investments in Affiliates	4.9	4.8	5.0	4.8	9.2	8.6	5.8
Non-Admitted	-0.3	-0.2	-0.3	-0.3	-0.2	-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

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	0.6	0.5	0.1	1.1	14.4
	Government Agencies and Municipal Bonds	0.3	1.1	0.7	0.8	1.3	12.7
	Industrial and Miscellaneous Bonds	3.3	26.7	36.6	10.5	14.8	9.6
	Bank Loans	...	0.6	0.5	0.1	...	5.7
	Hybrid Securities	...	...	...	...	...	16.9
	Affiliated Bonds	...	0.1	0.1	...	...	5.6
	Total Bonds	3.7	29.1	38.4	11.5	17.2	9.8

Source: BestLink® - Best's Financial Suite

	3-Months			Year End - December 31			
	2021	2020	2020	2019	2018	2017	2016

Bond Portfolio

Bonds & Short Term Investments USD (000)	60,411,447	56,209,622	58,905,594	55,533,710	47,460,272	41,705,183	39,034,590
Unaffiliated Bonds:							
US Government	...	...	1.4	1.7	1.3	1.5	1.6
Foreign Government	...	...	1.0	0.9	1.1	1.1	1.3
Foreign – All Other	...	...	23.6	23.5	25.0	24.5	24.3
State, Municipal & Special Revenue	...	...	4.3	3.4	2.6	1.8	2.2
Industrial & Miscellaneous	...	...	69.6	70.2	69.4	69.8	70.2
Hybrid Securities	...	...	...	...	0.4	0.2	0.3
SVO Identified	...	...	...	...	...	1.0	...
Affiliated	...	...	0.1	0.2	0.2	0.1	...
Total Bonds	...	...	100.0	100.0	100.0	100.0	100.0
By Private vs Public (%)							
Private issues	...	...	45.5	41.5	40.7	39.0	38.4
Public issues	...	...	54.5	58.5	59.3	61.0	61.6
By Quality (%)							
Class 1	39.0	42.1	39.7	44.3	40.0	39.6	41.8
Class 2	54.5	52.5	53.9	51.3	55.2	55.0	52.5
Class 3	5.3	4.1	4.9	3.0	3.4	4.1	4.3
Class 4	1.0	1.0	1.2	0.9	1.0	1.1	0.8
Class 5	0.3	0.2	0.3	0.3	0.4	0.2	0.5
Class 6	...	0.1	...	0.1	...	...	...
Below Investment Grade (NAIC 3-6)	6.5	5.4	6.4	4.3	4.8	5.4	5.7
Below Investment Grade - % of Capital & Surplus	34.7	29.5	31.7	21.4	21.3	22.8	24.0

Source: BestLink® - Best's Financial Suite

	3-Months			Year End - December 31			
	2021	2020	2020	2019	2018	2017	2016

Stock Portfolio

Stocks USD(000)	677,303	783,701	689,063	811,578	700,503	709,009	2,647,578
By Type (%)							
Unaffiliated Common	...	...	1.0	0.6	0.5	0.1	0.1
Affiliated Common	...	...	97.9	98.1	97.9	98.3	99.1
Unaffiliated Preferred	...	...	1.1	1.3	1.6	1.6	0.7

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Year End - December 31

Net Operating Gain by Line of Business USD (000)

	2020	2019	2018	2017	2016
Individual Life	-760,795	-571,383	293,433	-220,939	-2,203
Group Life	170	138	116	-83	72
Individual Annuities	488,677	204,209	331,581	473,330	668,745
Group Annuities	55,590	60,001	81,142	70,320	117,905
Accident & Health	-626	-634	-340	-1,827	-1,705
Other Lines of Business	231,739	1,158,950	221,533	463,108	20,476
YRT Mortality Risk Only	-49,824	18,086	...	...	...
Total	-35,069	869,367	927,466	783,909	803,290

Source: BestLink® - Best's Financial Suite

Year End - December 31

	2020	2019	2018	2017	2016
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Accident & Health Statistics

Net Premiums Written USD (000)	1,333	1,564	1,150	2,444	2,324
Net Premiums Earned USD (000)	1,333	1,564	1,150	2,444	2,324
Claims and Cost Containment Ratio (%)	174.3	150.0	117.3	184.7	150.3
Expense Ratio (%)	7.0	6.7	20.0	23.4	21.5
Combined Ratio (%)	181.3	156.7	137.2	208.2	171.8
Underwriting Results USD (000)	-1,084	-887	-428	-2,644	-1,669

Source: BestLink® - Best's Financial Suite

A&H Current Year Experience

	Premiums Written USD(000)	Premiums Earned USD(000)	Loss Ratio (%)	Expense Ratio (%)	Underwriting Results USD(000)
Individual:					
Non-cancelable	...	...	999.9	6.8	-547
Guaranteed renewable	1,333	1,333	133.3	7.0	-537

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)	%	%
2020 By Line Business									
Ordinary Life	3,999,254	33.2	831,811	92.2	1,176,216	98.2	3,654,849	31.1	75.7
Group Life	...	...	...	...	33	...	-33	...	...
Individual Annuities	5,884,369	48.8	17,547	1.9	21,477	1.8	5,880,439	50.0	99.6
Group Annuities	2,171,564	18.0	51,690	5.7	...	...	2,223,254	18.9	100.0
Individual Accident & Health	...	...	1,333	0.1	...	...	1,333	...	100.0
Total	12,055,187	100.0	902,380	100.0	1,197,726	100.0	11,759,841	100.0	90.8

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

	Year End - December 31				
	2020	2019	2018	2017	2016
By Line Breakdown - NPW USD (000)					
Individual Life	3,219,321	3,075,297	3,569,357	3,242,078	2,937,771
Group Life	-33	-32	-38	-36	-34
Individual Annuities	5,880,439	8,009,637	7,764,114	5,182,204	4,801,054
Group Annuities	2,223,254	1,885,930	919,617	841,254	559,373
Accident & Health	1,333	1,564	1,150	2,444	2,324
YRT Mortality Risk Only	435,528	468,282	...	...	...
Total	11,759,841	13,440,678	12,254,201	9,267,944	8,300,488

Source: BestLink® - Best's Financial Suite

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

	2020	2019	2018	2017	2016
California	1,426,920	1,809,890	1,621,563	1,390,141	1,240,254
Colorado	959,655	1,273,313	1,270,769	1,164,338	1,120,188
Texas	891,267	1,214,190	1,044,584	670,312	635,856
Florida	856,716	1,029,128	893,969	636,499	609,900
Illinois	553,477	720,318	652,075	464,528	483,511
Michigan	547,053	600,118	511,344	324,000	272,967
Indiana	520,612	288,133	269,302	197,515	160,321
Wisconsin	498,816	338,264	323,438	256,596	230,236
Pennsylvania	435,581	402,216	359,008	278,355	263,156
Arizona	433,152	290,123	265,158	195,376	151,382
All Other	5,571,519	6,601,110	6,103,406	4,529,435	3,998,026
Total	12,694,769	14,566,802	13,314,616	10,107,094	9,165,798
Geographic Concentration Index	0.04	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2020	2019	2018	2017	2016
By Line Reserves USD (000)					
Individual Life	35,422,261	33,386,476	31,482,767	30,337,471	28,406,388
Individual Annuities	29,910,202	28,524,467	24,343,644	20,415,926	18,796,582
Group Life	13,986	13,733	13,611	13,291	14,549
Group Annuities	6,003,990	5,744,171	4,138,360	3,438,556	2,820,015
Deposit Type Contracts	6,280,823	4,118,556	3,673,719	3,135,262	2,721,462
Accident & Health	16,881	17,855	18,873	20,174	19,182
Other	...	...	2,809	2,856	2,979
Total (including Supplemental Contracts)	77,648,143	71,805,259	63,673,783	57,363,537	52,781,157

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence (Continued...)

	Year End - December 31				
	2020	2019	2018	2017	2016
Life Policies Statistics					
Ordinary Policies					
Issued	70,522	62,606	55,531	36,211	22,766
In Force	5,472,349	6,010,511	6,646,816	6,812,242	7,199,835
Group Policies					
In Force	1	1	1	1	1
Group Certificates					
In Force	20	20	21	21	28
Life Insurance In Force USD (000)					
Whole Life & Endowment & Additions	157,336,097	152,188,851	149,417,210	145,282,650	133,716,699
Term	384,280,246	357,684,667	348,190,056	339,413,687	346,688,039
Group	17,465	17,354	17,390	17,363	19,106
New Life Business Issued USD (000)					
Whole Life & Endowment & Additions	9,308,304	10,486,580	11,518,979	9,911,812	8,227,832
Term	44,674,133	35,060,634	29,641,603	19,099,496	11,707,637

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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