

# Pacific LifeCorp

## Key Rating Drivers

**Favorable Company Profile:** Pacific LifeCorp (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 Ratings considers PLC's capitalization to be very strong based on a Prism capital model score of 'Very Strong' at YE 2024. This assessment is supported by an NAIC risk-based capital ratio of 503% at its core operating subsidiary, Pacific Life Insurance Company (PLIC), and an increase in PLIC's total adjusted capital (TAC) to \$14.2 billion. PLC's financial leverage ratio decreased modestly to 18% and remains in line with Fitch's expectations.

**Strong Financial Performance:** PLC's financial performance continues to be strong. In 2024, Pacific Mutual Holding Company (PMHC) reported consolidated net income attributable to the company of \$1,227 million, up from \$875 million in 2023. Operating results continued 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, historical performance has been strong and PLC reported minimal impairments in 2024. PLC also maintains material exposure to commercial mortgage loans, although 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 increased to 12x at YE 2024 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 \$756 million in dividend capacity as well.

## 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 either of PLIC's short-term debt service capabilities and financial flexibility or short-term asset/liability and liquidity management fall 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.

## Latest Developments

PLC continues to perform in line with Fitch's expectations. Therefore, both the scoring and weight of the company's key rating drivers are unchanged from the prior year.

In December 2024, PLC announced its entry into the registered index-linked annuity market with Pacific Protective Growth, offering five indexes including unique crediting strategies offering accumulation and protected income in a single product.

## Key Rating Drivers - Scoring Summary

	Industry Profile & Operating Environment	Company Profile	Financial Profile					Provisional Insurer Financial Strength	Insurer Financial Strength
			Capitalization & Leverage	Debt Service Capabilities and Financial Flexibility	Financial Performance & Earnings	Investment and Asset Risk	Asset/Liability & Liquidity Management		
aaa								AAA	AAA
aa+								AA+	AA+
aa								AA	AA
aa-								AA- Sta	AA- Sta
a+								A+	A+
a								A	A
a-								A-	A-
bbb+								BBB+	BBB+
bbb								BBB	BBB
bbb-								BBB-	BBB-
bb+								BB+	BB+
bb								BB	BB
bb-								BB-	BB-
b+								B+	B+
b								B	B
b-								B-	B-
ccc+								CCC+	CCC+
ccc								CCC	CCC
ccc-								CCC-	CCC-
cc								CC	CC
c								C	C
d or rd								D or RD	D or RD

## Factor Outlook

■ Stable
◆ Evolving
▲ Positive
▼ Negative
■ Lower
■ Moderate
■ Higher

## Relative Importance

## Other Criteria Elements

Provisional Insurer Financial Strength	AA-	Stable
Transfer & Convertibility / Country Ceiling	0	AAA
Non-Insurance Attributes	0	Neutral
Ownership / Group Support	0	Neutral
Insurer Financial Strength	AA-	Stable
IFS Recovery Assumption	-1	Good

## Company Profile

## Favorable Business Profile

Fitch considers PLC's business profile to be 'Favorable' and scores the company at the 'aa-' level. PLC is well-diversified, has substantial operating scale and is positioned well competitively, all attributes that Fitch views positively. PLC's moderate business risk profile partially offsets these strengths. Fitch believes the risk profile has been improving as the company continues to diversify and de-emphasize more volatile liabilities.

PLC has a substantive business franchise with competitive advantages. The company ranks among the 20 largest U.S. life insurers based on admitted assets or surplus. Statutory admitted assets totaled \$220 billion in 2024, and TAC exceeded \$14 billion. PLC is a top 10 U.S. annuity writer, ranking in the top 10 for both variable annuities (VAs) and fixed annuities (FAs) through 1Q25. PLC consistently ranks among the top 10 writers of individual life insurance and was number one based on annualized premiums in 1Q25. The company holds a solid competitive position in the affluent and emerging affluent markets while establishing a presence in the middle market.

Fitch considers PLC’s risk appetite to be on par with the industry as a whole. In recent years, the company changed its focus to more established, less volatile lines of business. In 2023, PLC established a workplace benefits segment, which provides supplemental life and health products including critical illness, hospital indemnity and accident insurance.

PLC has made progress diversifying its product portfolio by increasing its emphasis on FAs, investment-only VAs, indexed universal life (IUL) products, and growing its institutional and global reinsurance business. As a result, exposure to legacy VAs with more feature-rich guarantee riders has decreased significantly, especially as that VA book continues to age. PLC’s life insurance sales are predominantly IUL, followed by variable universal life and term life. Universal life with no-lapse guarantee (ULNLG) sales account for a minimal amount of total life sales. PLC’s institutional business offers pension risk transfer, institutional annuities, stable value and institutional investment products. The global reinsurance business provides solutions across several liabilities and geographies and will likely continue to grow in importance to the organization.

PLC is well diversified by business line, geography and distribution channels. The company focuses on diverse, third-party, independent distribution channels rather than captive distribution. PLC not only sells products directly in the U.S. market but also operates internationally through Pacific Life Re Global Ltd., a wholly owned indirect subsidiary. This subsidiary reinsures mortality, morbidity and longevity risks primarily in Europe, Asia and Australia.

Neutral Corporate Governance and Management

Fitch scores PLC’s corporate governance and management as 'Neutral' and therefore does not make any adjustments to the company’s business profile score. PLC’s group structure is in line with industry norms, and related-party transactions are relatively limited. PLC’s governance structure is in line with peers and encompasses industry best practices regarding board independence and structure. The company files statutory statements regularly with its state regulators and publishes audited annual GAAP financials on its public website. No outstanding criminal or civil legal issues affect Fitch’s view of corporate governance and management.

Company Profile Scoring Summary

	Assessment	Subscore/Impact
Business profile assessment	Favorable	aa-
Corporate governance assessment	Neutral	0 notches
Company profile factor score	—	aa-

Source: Fitch Ratings

Ownership

Neutral to Rating

PLC is an intermediate holding company formed in 1997 as the result of PLIC’s conversion to a mutual holding company structure. This conversion established PMHC as the mutual holding company that owns PLC. Under this arrangement, PMHC must maintain ownership of at least 51% of PLC, while PLC must always wholly own PLIC.

Fitch believes that mutual ownership structures create fewer conflicts between owner and policyholder interests and generally enable management to hold more conservative capital levels. During the financial crisis, mutual insurers generally benefited from stronger capital buffers compared to stock insurers that prioritize growth and return targets.

Capitalization and Leverage

PLC and its insurance subsidiaries are very strongly capitalized when considering both risk and non-risk adjusted metrics. Financial leverage is consistent with the rating category and has decreased modestly year-over-year.

The statutory capitalization of PLC’s insurance subsidiaries exceeds expectations for the rating level. As of Dec. 31, 2024, PLIC reported a TAC of \$14.2 billion, representing a 7.4% increase in TAC over the prior year. The increase in TAC is attributable to capital generation from the in-force business, partially offset by new business strain. The company’s Prism capital model score remained 'Very Strong' at YE 2024, consistent with expectations for the current rating level.

PLC’s financial leverage measured approximately 18% at YE 2024, a level Fitch views as consistent with rating expectations. The company last accessed the capital markets in September 2022, when PLC issued \$750 million of senior unsecured notes and directed the proceeds towards general corporate purposes, including redemption or repayment of certain outstanding indebtedness. As of Dec. 31, 2024, surplus notes-to-TAC was 7%, below Fitch’s tolerance of 15%. As a result, the ratings on the surplus notes maintain standard notching.

At YE 2024, PLC’s total financing and commitments (TFC) ratio declined slightly to 0.7x from the previous year. The TFC ratio was driven by the company’s outstanding indebtedness and securities lending program and includes \$1.7 billion of financing instruments outstanding for Pacific Alliance Reinsurance Company of Vermont (PAR Vermont) and Pacific Baleine Reinsurance Company according to YE 2024 statutory filings.

Financial Highlights

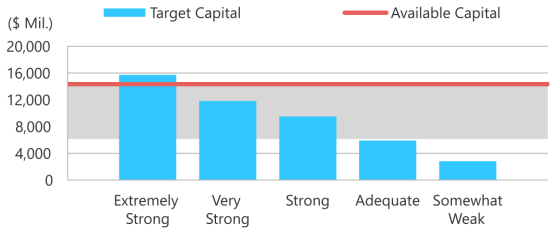
	2023	2024
Total adjusted capital (\$ Mil.)	13,220	14,203
Risk-based capital (%)	508	503
Asset leverage (x)	15	16
Operating leverage (x)	10	10
Financial leverage (%)	19	18

Note: Reported on a statutory basis, except financial leverage, which is GAAP basis.  
Sources: Fitch Ratings, Pacific Mutual Holding Company, S&P Global Market Intelligence

Fitch’s Expectations

- Capital to remain near current levels.

2024 Prism Score—Pacific Life

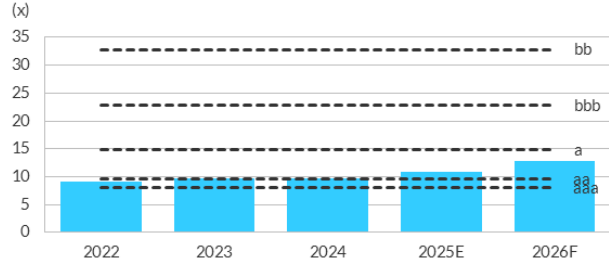


Note: Shaded area represents the high and low of available capital due primarily to unrealized gain/(loss) on fixed-income securities.  
Source: Fitch Ratings

(%)	2024
Prism Score	Very Strong
AC/TC at Prism Score	121
Target Capital Contributors	
Life Insurance	24
Annuity	68
Accident and Health	–
Portfolio Scaling Adjustment	13
Operational Risk	9
Diversification Benefit	-15

AC – Available capital. TC – Target capital.  
Source: Fitch Ratings

Capitalization: Operating Leverage



Source: Fitch Ratings, Statutory company data

## Debt Service Capabilities and Financial Flexibility

### Strong Coverage and Adequate Financial Flexibility

PLC's interest coverage is in line with expectations and the prior year. The company has adequate financial flexibility and limited refinancing risk. Several sources provide robust backup liquidity.

At YE 2024, the company's GAAP interest coverage increased to 12.2x, demonstrating strong coverage for the current rating level. Based on statutory dividend rules, PLIC's maximum dividend capacity to its parent without regulatory approval in 2025 totals \$756 million. Fitch considers the dividend capacity to be a reliable source of debt-servicing capability, covering more than 4x 2024's interest expense. PLC also targets holding company cash levels equivalent to at least 2x interest expense, a practice Fitch views favorably.

Fitch views PLC's ownership structure as a constraint on its future flexibility due to limited access to external equity capital. The company demonstrates ability to access debt markets through surplus notes and senior debt issuances.

PLC faces no near-term refinance risk as the majority of its debt maturing after 2030. Other liquidity sources include a recently increased \$1.5 billion revolving credit facility extending through 2030, and borrowing capacity through the Federal Home Loan Banks of Topeka and San Francisco.

PLIC maintains a \$1 billion commercial paper program backed by its \$1.5 billion credit facility. As of Dec. 31, 2024, neither the commercial paper program nor the credit facility had outstanding borrowings.

### Financial Highlights

(\$ Mil.)	2023	2024
Adjusted interest expense	176	166
GAAP interest coverage (x)	10.2	12.2
Maximum statutory dividend capacity	1,133	746
Statutory coverage ratio (x)	6.4	4.5

Note: Some prior values updated for recent financials or calculation adjustments.

Adjusted interest expense excludes loss on debt extinguishment and interest on match-funded and operating debt. GAAP interest coverage consists of pretax operating earnings before interest divided by adjusted interest expense. Statutory coverage ratio consists of maximum statutory dividend capacity divided by adjusted interest expense.

Source: Fitch Ratings, Pacific Mutual Holding Company

## Financial Performance and Earnings

### Strong, Stable Operating Results

PLC's earnings profile is viewed as strong relative to mutual peers. In 2024, PMHC reported consolidated net income of \$1,227 million, up from \$875 million in 2023. GAAP operating ROEs have been around 9% in the last two years. Operating results reflect strong investment performance from the higher interest rate environment and very strong life and annuity sales.

While improving in stability in recent years, PLC's earnings still face some volatility from certain legacy lines of business, but the company continues to focus on growth in less market-sensitive products and has enhanced its hedging strategies. Fitch expects hedging costs to modestly constrain earning levels, but the current higher-rate environment will ultimately benefit earnings as new money rates exceed those of maturing assets.

In prior years, PLC's legacy VA exposure contributed to earnings volatility due to reserve increases associated with equity market volatility and declining interest rates. Fitch believes current risk mitigation practices will limit losses and capital impacts in all but the most severe tail scenarios.

Longer term, Fitch expects PLC's policyholder account balances to become more balanced between interest rate, mortality and equity market risk. PLC remains focused on growing protection risk through primary insurance or reinsurance and increasing fee-based revenue. Fitch expects the continued growth of the global reinsurance business and the planned growth of the newer workplace solutions business to contribute to stable returns and earning diversification over the long run.

## Financial Highlights

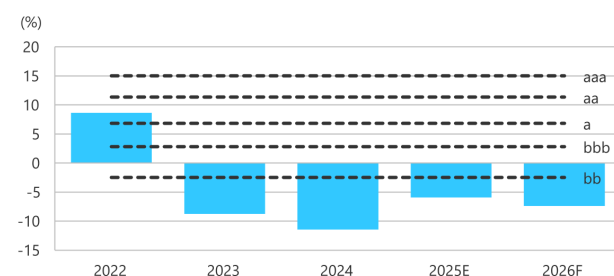
(\$ Mil.)	2023	2024
GAAP pretax gain from operations	1,614	1,859
GAAP core operating income	1,275	1,469
GAAP operating ROE	8.5	9.2
Statutory return on TAC (%)	-9	-11

Source: Fitch Ratings, Pacific Mutual Holding Company, S&P Global Market Intelligence

## Fitch's Expectations

- Fitch expects GAAP operating ROE to remain near the high single digit range in the intermediate term.

## Performance: Return on TAC



TAC – Total adjusted capital

Source: Fitch Ratings, Statutory company data

## Investment and Asset Risk

### Moderate Investment Risk

PLC has a generally high-quality corporate bond portfolio, and PLC's commercial mortgages and real estate investments continue to perform well despite ongoing stress, particularly among the office sub-class. PLC's risky assets ratio has risen in recent years to 126% at YE 2024, exceeding the industry average. Some of the increase in the risky assets ratio reflects an increased allocation to Schedule BA assets, including private equity investments, while Pacific Asset Holdings (PAH), a joint venture primarily holding higher quality commercial and residential mortgages, accounts for other portions of the increase. The inclusion of PAH overstates the risky assets ratio when evaluating the quality of the underlying mortgages. The risky assets ratio excluding PAH would be 83% and a little below industry average.

The company's bond portfolio is heavily weighted toward corporates, with a below-average amount of the portfolio invested in below-investment-grade securities. The above-average exposure to corporate bonds rated 'BBB', 47% of bonds at YE 2024, makes it susceptible to credit migration in a market downturn. Fitch believes the corporate portfolio is well diversified between sectors.

PLC's investment strategy for commercial mortgage loans and real estate emphasizes niche property types that exhibit stable fundamental characteristics and allows PLC to employ conservative underwriting standards. PLC's largest exposure within the commercial mortgage portfolio is apartments. Troubled mortgages decreased from the prior year, and Fitch believes the company has substantial headroom for potential losses. The portfolio is well managed and diversified by property type and region.

## Financial Highlights

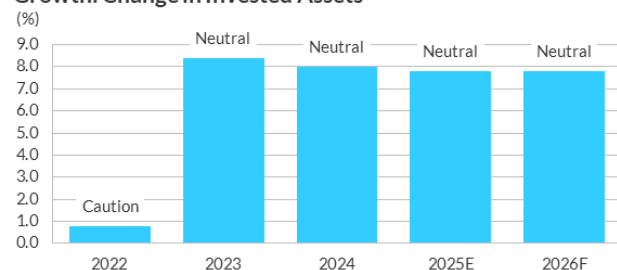
(%)	2023	2024
Cash and invested assets (\$ Mil.)	130,592	139,888
Below investment-grade bonds/TAC	33	32
Schedule BA/TAC	66	81
Risky assets ratio	115	126
Investment yield	3.3	3.3

TAC – Total adjusted capital

Note: Reported on a statutory accounting basis.

Source: Fitch Ratings, Pacific Mutual Holding Company, S&P Global Market Intelligence

## Growth: Change in Invested Assets



Source: Fitch Ratings, Statutory company data

## Asset/Liability and Liquidity Management

### Asset/Liability and Liquidity Management Are Very Strong

Fitch views PLC's VA hedging program favorably and expects it to lessen the capital impact in a severe equity market downturn. The enhanced program has also smoothed reported GAAP net income during recent periods of market volatility. The company's fixed-indexed annuities hedge program uses both static and dynamic hedging.

PLIC enhances its capital position by reinsuring ULNLG business reserves through wholly owned subsidiaries, PAR Vermont and Pacific Baleine. An excess of loss reinsurance arrangement with an unrelated third party supports statutory reserves ceded to PAR Vermont. A note facility, credit-enhanced by a third-party reinsurer and held in reinsurance trusts for PLIC's benefits, supports statutory reserves ceded to Pacific Baleine.

Fitch views PLC's asset-liability management practices as strong. For 2024 cash flow testing, both insurance operating companies passed all "New York 7" interest rate scenarios, and PLC's net duration mismatch in aggregate remained well within its target limit of less than 1.5 years.

Fitch believes PLC's fixed products are well protected against product withdrawal risks due to contract provisions, duration and cash flow matching, as well as disciplined investment processes. About 84% of the company's general account annuity reserves and deposit liabilities are subject to market value adjustments, surrender charges equal to or above 5%, or are not subject to discretionary withdrawal, which discourage surrender and protects PLC from liquidity risks.

Financial Highlights

(%)	2023	2024
Liquidity ratio	52	50
Risk-weighted liquidity ratio	166	189
Public bonds/total bonds	46	43
Total adjusted liabilities (\$ Mil.)	189,968	205,759

Note: Reported on a statutory accounting basis.  
Source: Fitch Ratings, Pacific Mutual Holding Company, S&P Global Market Intelligence

Appendix A: Peer Analysis

Peer Comparison

Click [here](#) for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click [here](#) for a link to a report that summarizes the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch’s *Insurance Rating Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

Fitch’s rating on Pacific Life & Annuity Company (PL&A; AA-/Stable) is based on the relationship with PLIC, and reflects Fitch’s view that PL&A is a core operating company within the organization. The two entities share common management, resources and branding.

Notching

For notching purposes, Fitch assesses the U.S. regulatory environment as being 'Effective' and classified as following a ring-fencing approach.

Notching Summary

IFS Ratings

A baseline recovery assumption of 'Good' applies to the IFS rating, and standard notching was used from the IFS anchor rating to the operating company IDR.

Holding Company IDR

Standard notching was applied between the insurance operating company and holding company IDRs for a ring-fenced regulatory environment. No adjustments were made for financial leverage, coverage or significant holding company liquidity.

Holding Company Debt

A baseline recovery assumption of 'Below Average' and nonperformance risk of 'Minimal' were applied to the senior unsecured debt. Standard notching relative to the IDR was used.

Hybrids

Since PLIC’s financial leverage ratio is below 15%, its surplus notes were notched down by one from the IDR of the insurance company on an assumption of 'Below Average' recoveries (one notch), and 'Minimal' nonperformance risk (zero notches). Regulators historically have appeared hesitant to impose deferrals on these instruments, except under relatively severe stress.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.  
Source: Fitch Ratings



## Debt Maturities

(\$ Mil., as of December 31, 2024)

2025	0
2026	0
2027	0
2028 and later	3,516
<b>Total</b>	<b>3,516</b>

Source: Fitch Ratings, Pacific Mutual Holding Company

## Short-Term Ratings

The holding company Short-Term Issuer Default Rating (IDR) was notched using standard long-term and short-term rating equivalencies, per Fitch criteria. The commercial paper program is supported by bank backup facilities.

The operating company's Short-Term IDR was notched using standard long-term and short-term ratings equivalencies, per Fitch's criteria.

## Hybrid - Equity/Debt Treatment

PLC's surplus notes are treated as 100% debt in its calculations of financial leverage but are also included in Fitch's capital adequacy ratios.

## Hybrids Treatment

Hybrid	Amount (\$ Mil.)	CAR Fitch (%)	CAR Reg. Override (%)	FLR Debt (%)
<b>Pacific Life Insurance Company</b>				
Surplus notes	1,049	0	100	100

CAR – Capitalization ratio. FLR – Financial leverage ratio. Note: CAR % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override. FLR % shows portion of hybrid value included as debt in numerator of leverage ratio.

Source: Fitch Ratings

## Recovery Analysis and Recovery Ratings

Not applicable.

## Transfer and Convertibility Risk (Country Ceiling)

None.

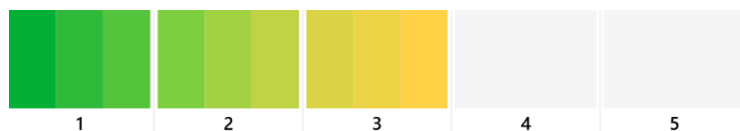
## Criteria Variations

None.

## About Fitch Forecasts

The forecasts shown in the main body of this report reflect Fitch's forward views from a credit perspective. They are based on a combination of Fitch's macroeconomic forecasts and viewpoints, outlook at the sector level and company-specific considerations developed by Fitch. As a result, Fitch's forecasts may differ, at times materially, from earnings and other guidance provided by a rated entity to the market. To the extent Fitch is aware of material, nonpublic information on likely future events, such as a planned recapitalization or M&A activity, Fitch will not reflect these likely future events in its forecasts. This practice is to assure that such material nonpublic information is not inadvertently disclosed. However, as relevant, such information is considered by Fitch as part of the broader ratings process.

## Appendix D: Environmental, Social and Governance Considerations



### Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	1	n.a.	n.a.
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events/natural catastrophes on operations or asset quality; credit concentrations	Financial Performance & Earnings; Investment and Asset Risk



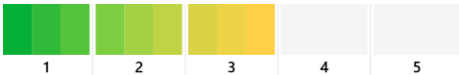
### Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk	Industry Profile & Operating Environment; Company Profile
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment and Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Company Profile
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Company Profile
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile



ESG Scoring

ESG relevance scores range from ‘1’ to ‘5’ based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit relevance of the sector-specific issues to an issuer’s overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch’s credit analysis.

The panels underneath the relevance scores tables are visualizations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarize rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer’s credit rating (corresponding with scores of ‘3’, ‘4’ or ‘5’). All scores of ‘4’ and ‘5’ are assumed to reflect a negative impact unless indicated with a ‘+’ sign for positive impact.

Classification of ESG issues has been developed from Fitch’s sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

Credit-Relevant ESG Scale

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to ‘Higher’ relative importance within the Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to ‘Moderate’ relative importance within the Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to ‘Lower’ relative importance within the Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Ratings

Pacific LifeCorp		
Long-Term IDR		A
Pacific Life Insurance Company		
Pacific Life & Annuity Company		
Insurer Financial Strength		AA-
Outlook		
Long-Term IDR		Stable
Pacific Life Global Funding II		
Senior Secured Long-Term Rating		AA-
Pacific Life Short Term Funding, LLC		
Senior Secured Short-Term Rating		F1+
Debt Ratings		
Senior Unsecured Long-Term Rating		A-

Financial Data

Pacific Life		
(\$ Mil.)	2023	2024
Total assets	220,043	238,905
Shareholders' equity	9,767	10,154
Net income	875	1,227
Operating ROE (%)	8.5	9.2
Financial leverage ratio (%)	19	18
ROE – Return on equity		
Note: Reported on a GAAP basis as reported by Pacific Life Mutual Holding Company. Some prior values updated for recent financials or calculation adjustments.		
Source: Fitch Ratings, Pacific Mutual Holding Company		

## Applicable Criteria

[Insurance Rating Criteria \(March 2024\)](#)

## Related Research

[North American Life Insurance Outlook 2025 \(December 2024\)](#)

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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