

Pacific LifeCorp

Update

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 is not expected to 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 YE 2024 for its core operating subsidiary, Pacific Life Insurance Company (PLIC). PLIC's total adjusted capital (TAC) increased to \$15.7 billion at 3Q25 from \$14.2 billion at YE 2024. After issuing a \$750 million surplus note in September 2025, PLC's estimated financial leverage ratio increased modestly to 20% 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. With the surplus note issuance, fixed-charge coverage decreased to an estimated 10x through September 30, 2025 and is expected to remain near this level. The coverage ratio supports the current rating level. In addition to the strong coverage ratio at the operating company, the holding company targets a 2x coverage ratio.

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

In September 2025, Pacific LifeCorp issued a new \$750 million 5.95% 30-year surplus note. Fitch expects the company to use the proceeds for general corporate purposes. Pro forma metrics, including financial leverage and fixed-charge coverage, remain within Fitch's expectations for the rating level.

Through 9M 2025, PLC continues to see high levels of sales and revenue growth, primarily driven by retail annuities. When comparing 9M24 vs. 9M25, statutory premiums have grown by nearly 17%, along with an improvement in investment income.

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

Relative Importance

Lower
Moderate
Higher

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
Issuer Default Rating (IDR)	A+	Stable

Ratings

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

ESG and Climate

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

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
Source: Fitch Ratings		

Applicable Criteria

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

Related Research

[North American Life Insurance Outlook 2026 \(December 2025\)](#)

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