

Rating Action: TIAA (Affirmation)

On June 8, A.M. Best affirmed the 'A++' (Superior) financial strength rating of Teachers Insurance and Annuity Association (TIAA) and its wholly owned subsidiary, TIAA-CREF Life Insurance Co. The rating outlook is stable.

According to A.M. Best, the affirmation reflects TIAA's strong risk-adjusted capitalization and solid operating performance, which have offset investment losses in recent years. A.M. Best noted that TIAA utilizes a conservative approach to valuing certain statutory reserves, with prudent adjusted financial leverage and minimal operating leverage. A.M. Best also stated TIAA can take advantage of typically higher-yield, less-liquid investments due to its insurance and annuity structure. Additionally, A.M. Best observed that TIAA has limited exposure to guaranteed death benefits and guarantees on variable annuities.

Partially offsetting these positive factors, in A.M. Best's opinion, are TIAA's sizeable exposure to real estate assets and high minimum interest rate guarantees.

Rating Action: Delaware Life (Affirmation)

On June 8, A.M. Best affirmed the 'A-' (Excellent) financial strength rating of Delaware Life Insurance Co. The rating outlook is stable.

According to A.M. Best, the affirmation reflects Delaware Life's strong level of risk-adjusted capitalization, positive operating earnings trends, and efforts to enhance its presence in the annuity market. A.M. Best noted that Delaware Life's business profile is improving, as it shifts from managing large blocks of acquired in-force business to marketing multi-year guaranteed annuities and fixed indexed annuities.

Offsetting these strengths, in A.M. Best's opinion, are an elevated level of investment risk relative to the industry. A.M. Best stated that Delaware Life maintains sensitivity to equity market declines and interest rate risk, but the group's effective hedging and risk management programs for annuities mitigate these risks.

Rating Action: AIG (Outlook Revision)

On June 6, Standard & Poor's revised its rating outlook to negative from stable on American International Group (AIG), including its subsidiary American General Life Insurance Co. The insurer financial strength rating was affirmed at 'A+' (Strong).

According to S&P, AIG's recent record of delivering on strategic goals, specifically within its P&C Commercial Insurance segment, has been subpar and may be a predictor of executional effectiveness going forward. S&P also noted that AIG's quality of consolidated earnings have weakened over the last few years. Because AIG's progress in improving operating fundamentals has been slower than expected, S&P stated that the ratings could be affected in the next 12 to 24 months.

Despite the negative outlook, S&P observed that AIG continues to have a very strong business risk profile and a strong financial risk profile.

Rating Action: MassMutual (Affirmation)

On June 15, A.M. Best affirmed the 'A++' (Superior) financial strength rating of Massachusetts Mutual Life Insurance Co. (MassMutual). The outlook for the ratings is stable.

According to A.M. Best, the affirmation reflects MassMutual's broad portfolio of product offerings in both the individual and institutional markets, which has allowed the company to achieve a diversified liability structure while maintaining strong asset management capabilities.

A.M. Best observed that MassMutual has statutory flexibility to maintain its risk-based capital position by adjusting its policyholder dividend scale and by securitizing or reinsuring redundant reserves. In addition, A.M. Best also said that MassMutual's balance sheet contains a fair amount of unrecognized equity since the estimated fair market value of its subsidiary holdings is considerably higher than what is recognized in statutory reporting.

Rating Action: Guardian (Affirmation)

On June 7, A.M. Best affirmed the 'A++' (Superior) financial strength rating of Guardian Life Insurance Co. of America. The rating outlook is stable.

According to A.M. Best, the affirmation reflects Guardian's sound capital structure, market position, and trend of operating gains. A.M. Best observed that Guardian maintains both an excellent level of risk-adjusted capital and a relatively conservative investment portfolio. Guardian also has adequate reserving and strong risk management practices, which lead to its strong balance sheet. A.M. Best also stated that Guardian's strong profitability the last few years has been driven by its sizeable and mature participating whole life business.

Some areas of concern, according to A.M. Best, are heightened competition in its core business lines, margin pressure due to the low interest rate environment, and exposure to higher risk alternative assets.

U.S. Individual Life Insurance First Quarter Premiums Grew By Five Percent in 2017

On June 5, LIMRA reported that individual life insurance new annualized premium in Q1 2017 was 5% higher than in Q1 2016. LIMRA noted that approximately 60% of companies reported increased Q1 sales, including nine of the top 10 carriers.

Ashley Durham, associate research director for LIMRA Insurance Research, said: "U.S. individual life insurance premium sales increased all but one year since the Great Recession in 2009, and 2017 has started off solid with growth across every product line except for variable universal life (VUL). LIMRA expects growth to remain positive through the year, with whole

life and universal life continuing to drive results.” LIMRA noted that the number of policies sold increased 2% compared to the same quarter of last year.

According to LIMRA, product lines that increased in sales were universal life (6%), indexed universal life (5%), no-lapse guarantee universal life (14%), whole life (7%), and term (2%), while variable universal life sales decreased 3%, falling to a 5% market share of total life sales in Q1 2017.

LIMRA stated that universal life premium and whole life premium each accounted for 37% of all life insurance sales in Q1 2017. Universal life is comprised of 56% indexed universal life and 21% no-lapse guarantee premium, according to the study. Additionally, LIMRA noted that term sales have remained steady since 2011, with a market share of 21%.

A complete summary of M Carrier financial strength ratings can be found at the end of this update.

M Financial Group will continue to monitor and evaluate developments relating to M Carriers and the industry as a whole. If you have any questions or comments, please contact any member of the M Product Management team at 800.656.6960.

**M Financial Carriers
 Summary of Financial Strength Ratings
 (July 7, 2017)**

M Carrier	A.M. Best				
	FSR	Description	Category	Outlook	Eff Date
John Hancock	A+	Superior	2nd of 15	Stable	5/25/2017
Nationwide	A+	Superior	2nd of 15	Stable	7/7/2016
Pacific Life	A+	Superior	2nd of 15	Stable	1/6/2017
Prudential	A+	Superior	2nd of 15	Stable	9/2/2016
TIAA	A++	Superior	1st of 15	Stable	6/8/2017
UNUM	A	Excellent	3rd of 15	Stable	4/7/2017
Lincoln National	A+	Superior	2nd of 15	Stable	12/13/2016
Symetra	A	Excellent	3rd of 15	Stable	11/22/2016
Voya-Security Life	A	Excellent	3rd of 15	Stable	11/17/2016
Sun Life of CA	A+	Superior	2nd of 15	Stable	12/2/2016
Delaware Life	A-	Excellent	4th of 15	Stable	6/8/2017

M Carrier	Standard & Poor's				
	FSR	Description	Category	Outlook	Eff Date
John Hancock	AA-	Very Strong	4th of 20	Stable	5/30/2017
Nationwide	A+	Strong	5th of 20	Stable	5/24/2017
Pacific Life	AA-	Very Strong	4th of 20	Stable	5/12/2017
Prudential	AA-	Very Strong	4th of 20	Stable	1/26/2017
TIAA	AA+	Very Strong	2nd of 20	Stable	11/21/2016
UNUM	A	Strong	6th of 20	Stable	6/5/2017
Lincoln National	AA-	Very Strong	4th of 20	Stable	10/24/2016
Symetra	A	Strong	6th of 20	Stable	7/19/2016
Voya-Security Life	A	Strong	6th of 20	Stable	3/8/2017
Sun Life of CA	AA-	Very Strong	4th of 20	Positive	4/7/2017
Delaware Life	BBB+	Good	8th of 20	Stable	5/19/2017

M Carrier	Moody's				
	FSR	Description	Category	Outlook	Eff Date
John Hancock	A1	Good	5th of 21	Stable	4/18/2017
Nationwide	A1	Good	5th of 21	Stable	1/20/2017
Pacific Life	A1	Good	5th of 21	Stable	5/19/2017
Prudential	A1	Good	5th of 21	Stable	6/28/2017
TIAA	Aa1	Exceptional	2nd of 21	Stable	2/9/2017
UNUM	A2	Good	6th of 21	Stable	4/28/2017
Lincoln National	A1	Good	5th of 21	Stable	6/30/2017
Symetra	A2	Good	6th of 21	Stable	4/14/2017
Voya-Security Life	A2	Good	6th of 21	Stable	6/5/2017
Sun Life of CA	Aa3	Excellent	4th of 21	Stable	4/24/2017
Delaware Life					

M Carrier	Fitch Ratings				
	FSR	Description	Category	Outlook	Eff Date
John Hancock	AA-	Very Strong	4th of 21	Stable	4/11/2017
Nationwide					
Pacific Life	A+	Strong	5th of 21	Stable	1/12/2017
Prudential	AA-	Very Strong	4th of 21	Stable	5/2/2017
TIAA	AAA	Exceptional	1st of 21	Stable	3/16/2017
UNUM	A	Strong	6th of 21	Stable	3/24/2017
Lincoln National	A+	Strong	5th of 21	Stable	12/6/2016
Symetra	A	Strong	6th of 21	Stable	5/2/2017
Voya-Security Life	A	Strong	6th of 21	Stable	9/20/2016
Sun Life of CA	AA-	Very Strong	4th of 21	Stable	4/3/2017
Delaware Life					