

## A.M. Best Affirms Ratings of Hartford's Life Insurance Affiliates; Upgrades Ratings of Hartford Life, Inc.

by Business-Wire

OLDWICK, N.J.--(BUSINESS WIRE)--A.M. Best Co. has affirmed the financial strength rating (FSR) of A (Superior) and issuer credit ratings (ICR) of "aa-" of the key life/health insurance subsidiaries of Hartford Life, Inc. (HLI) (Simsbury, CT). A.M. Best has also affirmed the debt ratings of the three medium-term note programs of HLI's insurance subsidiaries. The outlook for the FSR is stable. The outlook for the ICRs and debt ratings has been revised to positive from stable.

Concurrently, A.M. Best has upgraded the ICR to "a" from "a-" and the debt ratings to "a" from "a-" of HLI. The outlook for the ICR and debt ratings of HLI is stable. HLI and its subsidiaries, referred to collectively as Hartford Life, constitute the life operations of the organization's ultimate holding company, The Hartford Financial Services Group, Inc. (The Hartford) (Hartford, CT) (NYSE: HIG - News).

Hartford Life's ratings reflect further improvement in its risk-based capitalization, its significant market positions in several life insurance and retirement savings businesses (most notably variable annuities), diversified sources of revenues and earnings, broad multi-channel distribution platform and declining financial leverage. In addition, the ratings recognize the company's strong, well-developed enterprise risk management framework, as well as the overall quality of its management team. Hartford Life continues to successfully grow both revenues and earnings across its key product lines, supplemented by its sizable Japanese annuity business, which has quickly become a material contributor.

Partly offsetting these positive rating factors is Hartford Life's ongoing challenge of managing the risks associated with life and annuity secondary guarantees, which it accomplishes primarily through product design, reinsurance and effective hedging. Moreover, Hartford Life's operating results and capitalization are exposed to a potential downturn in the equity markets as roughly half of its operating earnings are derived from retail separate account products. Furthermore, net variable annuity flows have been negative in recent years, reflecting Hartford Life's product discipline in a highly competitive variable annuity market. Nevertheless, A.M. Best expects the life operations to continue to maintain strong risk-adjusted capitalization in the near to medium term, primarily from solid statutory earnings, and if needed, financial support from The Hartford.

The upgrade of the ICR and debt ratings of HLI reflects the extensive breadth of The Hartford's revenue and earnings diversification afforded by its large property/casualty and life operations, as well as its growing geographic diversity. These rating actions are consistent with the upgrade of The Hartford's ratings.

A.M. Best notes that The Hartford continues to make progress in reducing its financial leverage, which decreased from nearly 25% to 18% over the past year. Moreover, The Hartford's consistent and diversified operating performance provides strong, double-digit interest coverage.

For a complete listing of Hartford Life, Inc.'s FSRs, ICRs and debt ratings, visit [www.ambest.com/press/062503hartford.pdf](http://www.ambest.com/press/062503hartford.pdf).

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Source: A.M. Best Co

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