

# BEST'S RATING REPORT



EVERY DAY MATTERS.  
BANNER. WILLIAM PENN.

## LEGAL & GENERAL GROUP PLC

**Domiciliary Address:** One Coleman Street, London EC2R 5AA, United Kingdom

**AMB #:** 086120

**NAIC #:** N/A

**FEIN #:** N/A

**Phone:** 44-020-3124-2000

**Fax:** 44-020-3124-2500

**Website:** [www.legalandgeneralgroup.com](http://www.legalandgeneralgroup.com)

### BANNER LIFE INSURANCE COMPANY

**A+**

**Domiciliary Address:** 3275 Bennett Creek Avenue, Frederick, Maryland 21704 United States

**AMB #:** 006468

**NAIC #:** 94250

**FEIN #:** 52-1236145

**Phone:** +1-301-279-4800

**Fax:** +1-301-279-4178

**Website:** [www.lgamerica.com](http://www.lgamerica.com)

### WILLIAM PENN LIFE INSURANCE COMPANY OF NEW YORK

**A+**

**Domiciliary Address:** 70 E. Sunrise Highway, Suite 500, Valley Stream, New York 11581 United States

**Administrative Office:** 3275 Bennett Creek Avenue, Frederick, Maryland 21704 United States

**AMB #:** 006734

**NAIC #:** 66230

**FEIN #:** 13-1976260

**Phone:** +1-516-794-3700

**Fax:** +1-301-279-4178

**Website:** [www.LGamerica.com](http://www.LGamerica.com)



**Best's Credit Rating Effective Date**

December 03, 2021

**Analytical Contacts**

Stanislav Stoev, ACCA  
Financial Analyst  
[Stanislav.Stoev@ambest.com](mailto:Stanislav.Stoev@ambest.com)  
+44 207 626 6264

Ghislain Le Cam, CFA  
Director-Analytics  
[Ghislain.LeCam@ambest.com](mailto:Ghislain.LeCam@ambest.com)  
+44 207 397 0268

**Information**

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

**Financial Data Presented**

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](#).

**Legal & General Group Plc**

**AMB #:** 086120

**Ultimate Parent:** AMB # 086120 - Legal & General Group Plc

**Best's Credit Ratings - for the Rating Unit Members**

**Financial Strength Rating (FSR)**

<p><b>A+</b></p> <p><b>Superior</b></p>
<p>Outlook: <b>Stable</b></p> <p>Action: <b>Affirmed</b></p>

**Issuer Credit Rating (ICR)**

<p><b>aa-</b></p> <p><b>Superior</b></p>
<p>Outlook: <b>Stable</b></p> <p>Action: <b>Affirmed</b></p>

**Assessment Descriptors**

Balance Sheet Strength	<b>Very Strong</b>
Operating Performance	<b>Strong</b>
Business Profile	<b>Favorable</b>
Enterprise Risk Management	<b>Appropriate</b>

**Rating Unit - Members**

**Rating Unit:** Legal & General Group Plc | **AMB #:** 086120

**AMB #**   **Rating Unit Members**  
006468   Banner Life Insurance Company  
084279   Legal and General Assur Soc

**AMB #**   **Rating Unit Members**  
006734   William Penn Life Ins Co of NY

**Best's Credit Rating - for the Holding Company**

**Issuer Credit Rating (ICR)**

<p><b>a</b></p> <p><b>Excellent</b></p>	<p>Outlook: <b>Stable</b></p> <p>Action: <b>Affirmed</b></p>
---	--

## Rating Rationale - for the Rating Unit Members

The Issuer Credit Ratings and Financial Strength Ratings of the member operating companies of the rating unit are determined in accordance with Best's building block rating methodology as applied to the consolidated group's financial statements, and the supporting analytics and results are described in the following sections of this report.

### Balance Sheet Strength: **Very Strong**

- Legal & General Group Plc's (L&G) consolidated risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), is assessed to be at the strongest level.
- Pension risk transfer volumes are still high in the UK at a time when the group is also expanding in other territories; nonetheless, the prospective BCAR scores are expected to remain supportive of the strongest assessment.
- Moderate financial leverage and good interest coverage ratios are considered in the assessment. The group is expected to decrease its leverage through continued internal capital generation.

### Operating Performance: **Strong**

- Track record of strong operating performance, evidenced by a five-year average weighted return on equity (ROE) of 20.4% at the end of 2020. The profitability of the annuity business and the contributions from investment management have been the main drivers of high ROEs over the period.
- Operating performance is expected to remain strong, supported by the group's excellent market positions in its core products in the United Kingdom and the United States, growth in its pension risk transfer business, and careful management of its investment portfolio, with close matching of liabilities.
- L&G's growth in workplace pensions, both in the UK and the US, is expected to more than offset declines from UK pensions assets becoming mature and/or being subject to bulk annuity transactions.

### Business Profile: **Favorable**

- L&G holds a leading UK market position in its product range across bulk annuities, protection and pension fund investment management due to the accumulated volume and its sophisticated management of these products.
- The group benefits from a strong diversification of earnings with a strong positioning throughout the life insurance value chain.
- Scale of operations and strong positive cash flows from asset management activity enhance the group's ability to be competitive in annuity products.
- An expanding commitment to socially responsible longer-term investments, including construction phase real estate development, is part of L&G's strategy, providing a competitive advantage for the bulk annuity activity.

### Enterprise Risk Management: **Appropriate**

- L&G has a well-developed risk management framework with appropriate practices in place.
- The group's risk management capabilities are appropriate given the inherent risks in L&G's product profile, which principally reside in the group's annuity book. In selling bulk annuity products, the group takes on longevity and investment return risks. Real assets are held for asset/liability matching purposes and are a part of the group's strategy to meet return objectives.
- The group's longevity risks are partly diversified by mortality-based products and the successful Investment Management division.
- In AM Best's view, the group's credit, investment and longevity risks are effectively managed. Severe investment stress scenarios are likely to present the greatest test for the group's ERM although the group has demonstrated its resilience through the COVID-19 pandemic.

### Outlook

- The stable outlooks reflect AM Best's expectation that the group's risk-adjusted capitalisation will remain at the strongest level, as measured by BCAR, supported by strong operating performance over the economic cycle and resilient business strategy focused on strong positioning throughout the life insurance value chain.

### Rating Drivers

- Positive rating action could occur if the group were to demonstrate very strong profitability through the economic cycle.
- Negative rating pressure could result from regulatory changes or a sudden deterioration in economic conditions in Legal & General Group Plc's core markets of the UK and the US.

- Negative rating pressure could also emanate from a marked decline in the group's risk-adjusted capitalisation or a persistent deterioration in operating performance.

## Rating Rationale - for the Holding Company

The rating of the holding company is determined by reference to the Issuer Credit Rating (ICR) of the operating insurance company members. It reflects consideration of holding company sources and uses of cash, the competing demands placed upon holding company resources and normal subordination of holding company creditors to claims of the policyholders of the operating insurance companies. In general, therefore, the holding company's Issuer Credit Rating is notched from those assigned to the operating companies of the rating unit.

## Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	60.3	46.3	41.6	40.5

Source: Best's Capital Adequacy Ratio Model - Universal

Key Financial Indicators	2020 GBP (000)	2019 GBP (000)	2018 GBP (000)	2017 GBP (000)	2016 GBP (000)
Net Premiums Written:					
Life	9,358,000	11,751,000	10,729,000	5,705,000	8,358,000
Non-Life	...	...	...	369,000	326,000
Composite	9,358,000	11,751,000	10,729,000	6,074,000	8,684,000
Net Income	1,571,000	1,810,000	1,808,000	1,902,000	1,265,000
Total Assets	570,565,000	560,736,000	492,517,000	504,352,000	467,854,000
Total Capital and Surplus	9,966,000	9,093,000	8,652,000	7,592,000	7,283,000

Source: BestLink® - Best's Financial Suite

Key Financial Indicators & Ratios	2020	2019	2018	2017	2016	Weighted 5-Year Average
Profitability:						
Balance on Life Technical Account	984,000	1,172,000	1,161,000	1,730,000	1,563,000	...
Balance on Non-Life Technical Account	...	...	...	369,000	133,000	...
Net Income Return on Revenue (%)	3.2	2.8	-99.9	4.7	1.7	3.7
Net Income Return on Capital and Surplus (%)	16.5	20.4	22.3	25.6	18.1	20.4
Non-Life Combined Ratio (%)	...	...	...	...	59.2	27.8
Net Investment Yield (%)	2.0	1.5	2.4	1.7	1.4	1.8
Leverage:						
Net Premiums Written to Capital and Surplus (%)	93.6	130.0	125.0	80.8	125.0	...

Source: BestLink® - Best's Financial Suite

## Credit Analysis

### Balance Sheet Strength

Legal and General Group Plc's (L&G) balance sheet strength assessment is underpinned by risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), at the strongest level. The assessment considers the group's good organic capital generation and moderate financial leverage with good interest coverage. Partially offsetting factors to the assessment include the strategic commitment to real assets, which introduces potential valuation uncertainties, and the risks inherent to longevity exposure. Fungibility of capital across the group and access to debt markets are considered positive factors in the balance sheet strength assessment. Taking the group's overall strategy into account, including dividend policy and the exposure to less liquid direct investments, AM Best expects L&G's balance sheet strength to remain very strong.

### Capitalisation

The BCAR scores presented under the "Best's Capital Adequacy Ratio (BCAR) Scores (%)" section of this report are based on the 2020 year-end audited financial statements.

**Balance Sheet Strength (Continued...)**

The principal risks borne by L&G's balance sheet relate to default costs, other permanent reductions in expected returns from assets held, and longevity risk. Balance sheet items giving rise to these risks are generated for the most part by L&G's bulk annuity activity. The group has solid asset and liability management capability, and assets are closely matched to liabilities by duration, which minimises exposure to bond spread fluctuations. Furthermore, L&G has a market leading expertise in longevity pricing in its chosen markets. Investment experience and realised default costs on direct investments have been benign in recent years, as well as in 2021.

As at 31 December 2020, L&G had capital and surplus of GBP 10.0 billion, up 9.6% compared with the capital and surplus level as at 31 December 2019. The increase was driven by higher retained earnings and the issuance of GBP 0.5 billion of restricted tier 1 contingent convertible notes. The group's credit default provision, a reserve which backs the annuity book of business against the risk of bond defaults, stood at GBP 3.5 billion (2019: GBP 3.2 billion). This reserve is set up in accordance with IFRS reporting requirements and is included within the group's insurance reserves.

L&G have reported a Solvency II coverage ratio of 177% as at 31 December 2020 (2019: 184%). During the course of the first half of 2021, the company paid its 2020 final dividend. Nonetheless, its solvency ratio increased to 183% as at 30 June 2021. This is higher than what was reported as at 30 June 2020 - 173%. L&G's regulatory capital position under Solvency II relies significantly on the matching adjustment, which enables the group to use discount rates closer to earned rates for annuity reserves, and on transitional measures on technical provisions (TMTPs) to offset the uneconomic risk margin calculation on annuities. AM Best views the matching adjustment as counterbalancing uneconomic biases in the Solvency II framework and expects some features to remain a component of L&G's regulatory capital.

Following the UK's exit from the EU, the capital regime is expected to develop and measures such as matching adjustment and risk margin are subject to review. The fact that TMTPs are not available on business written from January 2016 has led L&G to reinsure most of the longevity risk on UK annuities written after that date. The use of reinsurance may evolve if the risk margin calculation is changed.

The group's debt leverage is moderate, with an unadjusted leverage ratio of 39.2% at year-end 2020, and the interest coverage is considered good, standing at 7.3x in 2020 (both as calculated by AM Best). Alongside the aforementioned restricted tier 1 notes issued in 2020, the group raised circa GBP 0.5 billion of subordinated tier 2 debt in 2020. Debt leverage is expected to decrease slightly over the next 12 months driven by internal capital generation and subordinated debt redemption in July 2021. Liquidity and financial flexibility are considered to positively contribute to the balance sheet strength assessment.

L&G's 2020 full year dividend was maintained on par with the 2019 dividend. The group grew the 2021 interim dividend as compared with the 2019 level. The intention for the period 2021-2025 is to continue to grow the full year dividend at low to mid-single digits with net surplus generation to exceed dividends.

Note: In the table titled "Key Financial Indicators and Ratios", the Net Premiums Written to Capital and Surplus ratio is calculated using Capital and Surplus excluding Minority Interests.

<b>Capital Generation Analysis</b>	<b>2020 GBP (000)</b>	<b>2019 GBP (000)</b>	<b>2018 GBP (000)</b>	<b>2017 GBP (000)</b>	<b>2016 GBP (000)</b>
Beginning Capital and Surplus	9,093,000	8,652,000	7,592,000	7,283,000	6,693,000
Net Income	1,571,000	1,810,000	1,808,000	1,902,000	1,265,000
Net Unrealized Capital Gains (Losses)	5,000	69,000	-2,000	13,000	-3,000
Currency Exchange Gains (Losses)	2,000	-67,000	62,000	-99,000	190,000
Change in Equalisation and Other Reserves	507,000	-1,000	4,000	6,000	-4,000
Stockholder Dividends	-1,048,000	-998,000	-932,000	-872,000	-830,000
Other Changes in Capital and Surplus	-164,000	-372,000	120,000	-641,000	-28,000
Net Change in Capital and Surplus	873,000	441,000	1,060,000	309,000	590,000
Ending Capital and Surplus	9,966,000	9,093,000	8,652,000	7,592,000	7,283,000
Net Change in Capital and Surplus (%)	9.6	5.1	14.0	4.2	8.8

Source: BestLink® - Best's Financial Suite

<b>Liquidity Analysis (%)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Liquid Assets to Total Liabilities	89.1	87.5	89.2	92.8	96.3
Total Investments to Total Liabilities	98.6	94.3	94.0	94.5	98.6

Source: BestLink® - Best's Financial Suite

**Balance Sheet Strength (Continued...)****Asset Liability Management - Investments**

In AM Best's view, L&G's non-unit-linked asset allocation, excluding shareholder investments, appears appropriate considering the liabilities they are backing, which are heavily skewed towards annuities. Approximately 76.0% of investment assets were held as cash, bonds and loans as at year-end 2020. Listed equities, real estate, equity interests in direct investments and derivatives accounted for the remaining assets. The derivatives, such as interest rate swaps and foreign exchange forward contracts, are used by L&G to hedge its exposure to changes in foreign exchange rates and interest rates.

Shareholder investments as at 31 December 2020 were split 17.6% in cash (GBP 1.9 billion), 27.5% in equity type investments, 45.6% in debt securities and 5.4% in loans with the small residual proportion held in investment property and derivatives. The non-profit non unit-linked fund, which principally comprises investments backing annuity liabilities, had an asset allocation of 1.5% to cash, 3.9% to investment property, 72.1% to debt securities, and 18.8% to derivatives, with the small residual share held in equities and loans.

L&G's large bond portfolio, of circa GBP 85.5 billion at year-end 2020 (2019: GBP 75.5 billion) after excluding bonds held within unit-linked funds and non-unit-linked assets held for sale, principally backs its annuity business. The credit quality of the portfolio is generally considered good. At December 2020 24.2% of the bond portfolio, amounting to GBP 20.7 billion, was internally rated (2019: 24.6%, amounting to GBP 18.6 billion) and the median rating stated by the group for these bonds was 'A'. AM Best notes that internally rated bonds are principally more illiquid credit instruments, including relating to underlying real estate assets. These instruments are not publicly available and therefore the issuers do not obtain external credit ratings for them.

As a part of its asset liability management strategy, the group holds direct and/or real assets, including loans and equity interests. These amounted to GBP 29.3 billion at the end of 2020 (2019: GBP 25.8 billion) and reached GBP 30.6 billion at June 2021. An allocation to real assets appears strategically justified, considering the prevailing low rate environment, the migration of assets to privately held structures observed in recent decades, and the long-term nature of L&G's liabilities. Nevertheless, in AM Best's view, the use of illiquid assets to meet non-participating liabilities arising from the 'decumulation' phase of pension liabilities can generate risks in an investment stress scenario. Following the COVID-19 outbreak, and the associated increased market volatility, the low exposure to cyclical industries and the rigorous portfolio surveillance contributed to a very low level of credit rating migrations. The group managed to collect over 99.9% of its scheduled contractual cashflows.

The bond portfolio is managed with consideration of the overall credit risk of the group, including risks inherent in the direct investments.

L&G held structured finance securities, including ABS, RMBS, CMBS and CDOs, representing 3%, (GBP 2.3 billion) of all investments as at 31 December 2020.

<b>Composition of Cash and Invested Assets</b>	<b>2020 GBP (000)</b>	<b>2019 GBP (000)</b>	<b>2018 GBP (000)</b>	<b>2017 GBP (000)</b>	<b>2016 GBP (000)</b>
Total Cash and Invested Assets	552,840,000	520,331,000	455,043,000	469,443,000	454,216,000
Cash (%)	3.3	2.7	3.8	4.0	3.4
Bonds (%)	11.5	10.6	10.8	11.9	13.5
Equity Securities (%)	0.3	0.9	1.0	1.3	1.1
Real Estate, Mortgages and Loans (%)	0.9	0.6	0.5	0.6	0.9
Other Invested Assets (%)	84.0	85.2	83.9	82.2	81.1
Total Cash and Unaffiliated Invested Assets (%)	99.9	99.9	99.9	99.9	99.9
Investments in Affiliates (%)	0.1	0.1	0.1	0.1	0.1
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

**Reserve Adequacy**

A reconciliation between the group's capital reported in its financial statements under IFRS and that under Solvency II (after removing both the risk margin and the effect of transitional measures) suggests there is economic equity in the IFRS technical reserves. This is likely to be derived from several sources, including margins in the biometric bases of the IFRS reserves and capital generated by unit-linked contracts in Solvency II. AM Best gives partial credit in L&G's BCAR for the amount by which capital under Solvency II exceeds that reported in the group's IFRS accounts.

**Balance Sheet Strength (Continued...)**

AM Best notes that the company has been releasing reserves in respect of longevity in the period 2017-2020, and views positively the implications of this for the conservatism of reserves for annuity contracts.

**Holding Company Assessment**

There is good fungibility of capital for a life-oriented insurer. In addition, the holding company owns a large and successful asset manager, which provides valuable cash flow.

**Financial Leverage Summary - Holding Company 086120 Legal & General Group Plc**

Financial Leverage Ratio (%)	39.20
Adjusted Financial Leverage Ratio (%)	23.00
Interest Coverage (x)	7.30

**Operating Performance**

L&G's operating performance is supportive of a strong assessment, highlighted by the group's five-year (2016-2020) weighted average return on equity (ROE) of approximately 20.4%, as calculated by AM Best. Longevity releases added approximately 2 percentage points to the 2020 ROE of 16.5%. These releases were also a feature in 2018 and 2019, and are expected to continue in the medium term.

Profitability is expected to remain strong, underpinned by investment margins as annuity reserves build, a strong market position that could drive future profit on new annuity business, both in the UK and the US, further releases of longevity margins, and international expansion at Legal and General Investment Management (LGIM). In 2020, 64.0% of operating profit in the continuing divisions was derived from the group's annuity businesses and 16.8% from LGIM, with the remaining 19.2% split between the mortality based life insurance and returns from investment of shareholders' capital by Legal and General Capital (LGC).

Investment Results: L&G achieved a solid net investment income return of 8.6% in 2020. Total investment return, including realised and unrealised investment gains, was affected by interest rate movements towards the end of the year. The group's investment returns benefit from L&G's asset allocation, in part, to real assets.

Legal and General Insurance (LGI) operating profit in 2020 decreased, reflecting adverse mortality experience arising as a result of COVID-19, notably in the US protection book (products such as term life, critical illness cover and income protection) where the company retains the majority of the mortality risk. However, this was consistent with the experience across the wider US life sector. On a group basis, adverse mortality experience in the protection segment was offset by reserve releases from the annuity line.

Despite ongoing economic and market uncertainty, the group's ambition is for the 2021 annual operating profit to surpass what was reported in 2020. L&G reported half year operating profit from continuing operations of GBP 1.27 billion as at 30 June 2021, 13% higher than what the group reported as at 30 June 2020 - GBP 1.13 billion.

Note: In 2018, the Net Income Return on Revenue (%) shown under "Key Financial Indicators & Ratios" amounted to -579.5% and not -99.9%. In the calculating the ratio, Revenue includes Net Investment Income, Unrealised Capital Gains/ (Losses) and Realised Capital Gains/ (Losses).

<b>Financial Performance Summary</b>	<b>2020 GBP (000)</b>	<b>2019 GBP (000)</b>	<b>2018 GBP (000)</b>	<b>2017 GBP (000)</b>	<b>2016 GBP (000)</b>
Pre-Tax Income	1,857,000	2,184,000	2,181,000	2,160,000	1,634,000
Net Income after Non-Controlling Interests	1,607,000	1,834,000	1,827,000	1,891,000	1,258,000

Source: BestLink® - Best's Financial Suite

**Operating Performance (Continued...)**

<b>Operating and Performance Ratios (%)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Overall Performance:					
Return on Assets	1.0	1.3	1.4	1.7	1.2
Return on Capital and Surplus	16.5	20.4	22.3	25.6	18.1
Non-Life Performance:					
Loss and LAE Ratio	...	...	...	...	59.2
Non-Life Combined Ratio	...	...	...	...	59.2

Source: BestLink® - Best's Financial Suite

**Business Profile**

L&G has established a favourable profile within its existing activities, with strong and defensible market positions. The group's narrow active product range and the focus on the UK within the existing business are considered partially offsetting factors, although sales outside the UK are growing.

The company's impressive set of market shares and rankings include a leading ranking in UK pension risk transfer with a market share of around 25%, as well as in retail life protection, defined benefit pensions asset management, liability driven investment (LDI), and defined contribution (DC) pensions asset management (by assets under management).

Following the sales of mature savings and general insurance businesses, the group is managed in five divisions. These are:

**Legal and General Retirement (LGR):** this comprises LGR Retail for individual annuities and lifetime mortgages and LGR Institutional for pension risk transfer activity. It includes bulk annuity buy outs (where L&G becomes responsible for paying members' pensions); bulk annuity buy-ins, which is a term usually applied to transactions where the pension fund retains responsibility for paying the pensions whilst the insurer pays the pension fund; longevity swaps, whereby a pension fund removes uncertainty related to pensioner longevity from its liability; and insurer back-book transactions. L&G's UK DC workplace (group) pension management business is managed within LGR Retail, as business is usually written as unit-linked insurance (as is the normal practice in the UK). LGIM manages the assets supporting the DC liabilities.

**LGIM:** this segment is the group's investment management activity. It is mostly focused on indexed funds, with a large fixed income component, and on LDI. The division therefore is a low charge operation. LGIM's total assets under management (AUM) as at 30 June 2021 was GBP 1,327 billion, 3.8% up on AUM as at December 2020, driven by strong net inflows of approximately GBP 25.7 billion.

**LGC:** this segment is the group's alternative assets platform creating assets for shareholder funds, LGR and third party clients, with a portfolio of circa GBP 9.0 billion as at December 2020 (GBP 9.0 billion at December 2019). Of that portfolio some GBP 3.1 billion was invested in direct investments (GBP 2.9 billion at December 2019), an allocation which reached GBP 3.4 billion as at June 2021. Direct, or real, investments include infrastructure, other construction phase real estate, developed real estate and direct lending including lending secured on real estate.

**LGI:** this segment is the group's pure life insurance activity and includes, in addition to the UK business, the mortality based life insurance activities of the US subsidiaries - Banner Life Insurance Company (Banner Life) and William Penn Life Insurance Company of New York Ltd (Penn Life).

L&G's growing US pension risk transfer business, which is managed as part of the LGR division, is written in Banner Life, which historically focused on mortality based pure life insurance products.

LGR is the most important contributor to operating profits (64.0% for 2020, excluding discontinued operations), followed by LGIM (16.8%), LGI (7.8%) and LGC (11.4%).

A commitment to increase direct investments in order to capitalise on the long-term liabilities of the group is a pillar of L&G's strategy. In particular, a preparedness to invest in construction phase projects: clean energy developments and commercial and residential real estate, including urban regeneration. The company's strategy is to use the return on these assets to enable both competitive annuity pricing and to provide returns to shareholders.

A narrow active product range and geographical concentration increases L&G's exposure to regulatory change. For example changes to UK regulation of annuities in 2014 severely impacted individual annuity sales. Geographical expansion, in the US and Asia is slowly diversifying this exposure over time.

## Enterprise Risk Management

L&G has a well-developed ERM framework with appropriate practices in place. The risk management function operates across the business to provide objective challenge and guidance on risk matters. Risk management is the operational responsibility of the group risk committee, which reports directly to the group Board.

The group's risk management capabilities are considered appropriate in relation to the inherent risks in L&G's product profile, which principally reside in the group's annuity products. In the bulk annuity product, the group takes longevity and investment return risks onto its balance sheet in lumpy transactions. Meeting the investment return commitments, and generating profit for the group, is partly dependent on obtaining favourable returns from illiquid investment assets.

The group's risks are partly diversified by mortality-based products and the successful investment management division.

In AM Best's view, the group's credit, other investment and longevity risks are effectively managed. There is a management intervention ladder, which appears as effective across all the risk areas. Severe investment stress scenarios remain among the greatest risks for the group.

L&G maintains an active approach to keeping its risk management processes up to date.

## Financial Statements

Balance Sheet	12/31/2020		12/31/2020
	GBP (000)	%	USD (000)
Cash and Short Term Investments	18,020,000	3.2	24,469,718
Bonds	63,321,000	11.1	85,984,852
Equity Securities	1,921,000	0.3	2,608,564
Other Invested Assets	469,578,000	82.3	637,649,358
<b>Total Cash and Invested Assets</b>	<b>552,840,000</b>	<b>96.9</b>	<b>750,712,493</b>
Reinsurers' Share of Reserves	6,939,000	1.2	9,422,607
Debtors / Amounts Receivable	7,269,000	1.3	9,870,720
Other Assets	3,517,000	0.6	4,775,805
<b>Total Assets</b>	<b>570,565,000</b>	<b>100.0</b>	<b>774,781,625</b>
Non-Life - Outstanding Claims	71,000	...	96,412
Life - Long Term Business	88,958,000	15.6	120,797,847
Life - Linked Liabilities	371,703,000	65.1	504,742,938
Total Gross Technical Reserves	460,732,000	80.8	625,637,197
Debt / Borrowings	5,613,000	1.0	7,622,005
Other Liabilities	94,254,000	16.5	127,989,392
<b>Total Liabilities</b>	<b>560,599,000</b>	<b>98.3</b>	<b>761,248,594</b>
Capital Stock	149,000	...	202,330
Other Capital and Surplus	1,624,000	0.3	2,205,262
Non-Controlling Interests	-31,000	...	-42,096
<b>Total Capital and Surplus</b>	<b>9,966,000</b>	<b>1.7</b>	<b>13,533,031</b>
<b>Total Liabilities and Surplus</b>	<b>570,565,000</b>	<b>100.0</b>	<b>774,781,625</b>

Source: BestLink® - Best's Financial Suite  
 US \$ per Local Currency Unit 1.35792 = 1 British Pound (GBP)

Income Statement	Non-Life	Life	Other	12/31/2020	12/31/2020
	GBP (000)	GBP (000)	GBP (000)	Total GBP (000)	Total USD (000)
Gross Premiums Written	...	12,545,000	...	12,545,000	17,035,106
Net Premiums Earned	...	9,370,000	...	9,370,000	12,723,710
Net Investment Income	...	10,644,000	...	10,644,000	14,453,700
Realized capital gains / (losses)	...	16,000	...	16,000	21,727
Unrealized capital gains / (losses)	...	28,508,000	...	28,508,000	38,711,583
Other Income	...	873,000	...	873,000	1,185,464
Total Revenue	...	49,411,000	...	49,411,000	67,096,185
Benefits and Claims	...	45,577,000	...	45,577,000	61,889,920
Net Operating and Other Expense	...	2,850,000	-873,000	1,977,000	2,684,608
Total Benefits, Claims and Expenses	...	48,427,000	-873,000	47,554,000	64,574,528
<b>Pre-Tax Income</b>	...	984,000	873,000	1,857,000	2,521,657
Income Taxes Incurred	...	...	...	286,000	388,365
<b>Net Income before Non-Controlling Interests</b>	...	...	...	1,571,000	2,133,292
Non-Controlling Interests	...	...	...	-36,000	-48,885
<b>Net Income/(loss)</b>	...	...	...	1,607,000	2,182,177

Source: BestLink® - Best's Financial Suite  
 US \$ per Local Currency Unit 1.35792 = 1 British Pound (GBP)

**Last Update**

December 03, 2021

**Identifiers**

**AMB #:** 086120

**LEI #:** 213800JH9QQWHLO99821

**Contact Information**

Domiciliary Address:  
One Coleman Street,  
London EC2R 5AA,  
United Kingdom

**Web:**

[www.legalandgeneralgroup.com](http://www.legalandgeneralgroup.com)

**Phone:** 44-020-3124-2000

**Fax:** 44-020-3124-2500

**Financial Data Presented**

The financial data in this report reflects the most current data available at the time the report was printed.

## Legal & General Group Plc

### Operations

**Date Incorporated:** February 27, 1979

**Domiciled:** United Kingdom

**Business Type:** Life, Annuity, and Accident

**Organization Type:** Stock

**Marketing Type:** Independent Agency

**Publicly Traded Corp:** Legal & General Group plc

**Stock Exchange:** Other OTC: LGGNY.PK

AIM: LGEN

## Best's Credit Ratings

### Rating Relationship

**AM Best Rating Unit:** [086120 - Legal & General Group Plc](#)

Refer to the [Best's Credit Report for AMB# 086120 - Legal & General Group Plc](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
006468	Banner Life Insurance Company	A+	aa-
084279	Legal and General Assur Soc	A+	aa-
006734	William Penn Life Ins Co of NY	A+	aa-

### Best's Credit Rating History

AM Best has assigned ratings on this company since 2003. In our opinion, the company has an Excellent 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:

Effective Date	Best's Long-Term Issuer Credit Ratings		
	Rating	Outlook	Action
<b>Current -</b>			
<b>Dec 3, 2021</b>	<b>a</b>	<b>Stable</b>	<b>Affirmed</b>
Nov 20, 2020	a	Stable	Affirmed
Dec 6, 2019	a	Stable	Affirmed
Nov 16, 2018	a	Stable	Affirmed
Nov 10, 2017	a	Stable	Affirmed

## Corporate Structure

**Ultimate Parent:** AMB # 086120 - Legal & General Group Plc

Based on AM Best's analysis, AMB# 086120 Legal & General Group Plc 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

**Group CEO:** Nigel Wilson

**Group CFO:** Jeff Davies

**Group Director:** Mark Zinkula

**General Counsel:** G. J. Timms

### Directors

Carolyn Bradley

Philip Broadley

Jeff Davies (Group Financial Officer)

John Kingman (Chairman)

Lesley Knox

Kerrigan Procter

Toby Strauss

Julia Wilson (Senior Independent non-executive director)

Nigel Wilson (Group Chief Executive Officer)

Mark Zinkula

## History

### Recent M&A Transactions

Announced on	Closed on	Transaction Type	Target	Acquirer	Seller
05/31/2019	01/02/2020	Acquisition	Fairmead Ins Ltd	Allianz Ins plc	Legal & General Grp
11/24/2016	04/06/2017	Acquisition	Scildon N.V.	Chesnara plc	Legal & General Grp
07/13/2015	11/30/2015	Acquisition	AXA Life Ins Egypt	AXA S.A.	Legal & General Grp
02/10/2015	07/02/2015	Acquisition	Canada Life Int Assu	Canada Life Grp (UK)	Legal & General Grp

Search for this company in [Mergers & Acquisitions](#) in BestLink for additional details and previous transactions.

## Regulatory

**Auditor:** KPMG LLP

An independent audit of the company's affairs through December 31, 2020, was conducted by KPMG LLP.

## Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent consolidated financial statements available in BestLink - Best's Statement File – Global.

## Balance Sheet Highlights

### Capital Generation Analysis

	2020 GBP (000)	2019 GBP (000)	2018 GBP (000)	2017 GBP (000)	2016 GBP (000)
Beginning Capital and Surplus	9,093,000	8,652,000	7,592,000	7,283,000	6,693,000
Net Income	1,571,000	1,810,000	1,808,000	1,902,000	1,265,000
Net Unrealized Capital Gains (Losses)	5,000	69,000	-2,000	13,000	-3,000
Currency Exchange Gains (Losses)	2,000	-67,000	62,000	-99,000	190,000
Change in Equalisation and Other Reserves	507,000	-1,000	4,000	6,000	-4,000
Stockholder Dividends	-1,048,000	-998,000	-932,000	-872,000	-830,000
Other Changes in Capital and Surplus	-164,000	-372,000	120,000	-641,000	-28,000
Net Change in Capital and Surplus	873,000	441,000	1,060,000	309,000	590,000
Ending Capital and Surplus	9,966,000	9,093,000	8,652,000	7,592,000	7,283,000
Net Change in Capital and Surplus (%)	9.6	5.1	14.0	4.2	8.8

Source: BestLink® - Best's Financial Suite

### Liquidity Analysis

	2020	2019	2018	2017	2016
Liquid Assets to Total Liabilities	89.1	87.5	89.2	92.8	96.3
Total Investments to Total Liabilities	98.6	94.3	94.0	94.5	98.6

Source: BestLink® - Best's Financial Suite

## Asset Liability Management | Investments

	2020 GBP (000)	2019 GBP (000)	2018 GBP (000)	2017 GBP (000)	2016 GBP (000)
--	-------------------	-------------------	-------------------	-------------------	-------------------

### Composition of Cash and Invested Assets

Total Cash and Invested Assets	552,840,000	520,331,000	455,043,000	469,443,000	454,216,000
Cash (%)	3.3	2.7	3.8	4.0	3.4
Bonds (%)	11.5	10.6	10.8	11.9	13.5
Equity Securities (%)	0.3	0.9	1.0	1.3	1.1
Real Estate, Mortgages and Loans (%)	0.9	0.6	0.5	0.6	0.9
Other Invested Assets (%)	84.0	85.2	83.9	82.2	81.1
Total Cash and Unaffiliated Invested Assets (%)	99.9	99.9	99.9	99.9	99.9
Investments in Affiliates (%)	0.1	0.1	0.1	0.1	0.1
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

## Operating Performance Highlights

	2020 GBP (000)	2019 GBP (000)	2018 GBP (000)	2017 GBP (000)	2016 GBP (000)
--	-------------------	-------------------	-------------------	-------------------	-------------------

### Financial Performance Summary

Pre-Tax Income	1,857,000	2,184,000	2,181,000	2,160,000	1,634,000
Net Income after Non-Controlling Interests	1,607,000	1,834,000	1,827,000	1,891,000	1,258,000

Source: BestLink® - Best's Financial Suite

	2020	2019	2018	2017	2016
--	------	------	------	------	------

### Operating and Financial Performance Ratios (%)

Overall Performance:					
Return on Assets	1.0	1.3	1.4	1.7	1.2
Return on Capital and Surplus	16.5	20.4	22.3	25.6	18.1
Non-Life Performance:					
Loss and LAE Ratio	...	...	...	...	59.2
Non-Life Combined Ratio	...	...	...	...	59.2

Source: BestLink® - Best's Financial Suite

# Banner Life Insurance Company

**Last Update**

January 28, 2022

**Identifiers**

**AMB #:** 006468  
**NAIC #:** 94250  
**FEIN #:** 52-1236145  
**LEI #:** 254900XJ2DBFAP2BC608

**Contact Information**

Domiciliary Address:  
 3275 Bennett Creek Avenue,  
 Frederick, Maryland 21704  
 United States

**Web:** [www.lgamerica.com](http://www.lgamerica.com)  
**Phone:** +1-301-279-4800  
**Fax:** +1-301-279-4178

**Financial Data Presented**

The financial data in this report reflects the most current data available at the time the report was printed.

## Operations

**Date Incorporated:** September 21, 1981 | **Date Commenced:** October 01, 1981

**Domiciled:** Maryland, United States

**Licensed:** (Current since 10/31/2018). The company is licensed in the District of Columbia, Puerto Rico, 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:** Broker  
**Financial Size:** XV (\$2 Billion or greater)

## Best's Credit Ratings

### Rating Relationship

**AM Best Rating Unit:** [086120 - Legal & General Group Plc](#)

Banner Life Insurance Company is a member of Legal & General Group Plc (AMB# 086120). Banner Life Insurance Company (BLIC) is a member of the Legal & General Group Plc (L&G) rating unit due to the company's strategic importance to the group, providing L&G with access to the large US life insurance market. BLIC also provides important diversification of the business profile and earnings. BLIC is fully integrated within the L&G group. Refer to the [Best's Credit Report for AMB# 086120 - Legal & General Group Plc](#) 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 1955. 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:

Effective Date	Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
<b>Current -</b>							
<b>Dec 3, 2021</b>	<b>A+</b>	<b>g (Group Rating)</b>	<b>Stable</b>	<b>Affirmed</b>	<b>aa-</b>	<b>Stable</b>	<b>Affirmed</b>
Nov 20, 2020	A+	g (Group Rating)	Stable	Affirmed	aa-	Stable	Affirmed
Dec 6, 2019	A+		Stable	Affirmed	aa-	Stable	Affirmed
Nov 16, 2018	A+		Stable	Affirmed	aa-	Stable	Affirmed
Nov 10, 2017	A+		Stable	Affirmed	aa-	Stable	Affirmed

## Corporate Structure

**Ultimate Parent:** AMB # 086120 - Legal & General Group Plc

Based on AM Best's analysis, AMB# 086120 Legal & General Group Plc 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

**President and CEO:** Mark N. Holweger  
**CFO, SVP and Treasurer:** Andrew D. Love  
**SVP:** Jennifer Torneden (Sales & Strategic Growth)  
**Vice President and Chief Investment Officer:** Allah Kleyner  
**Vice President and Chief Risk Officer:** Amy Butler  
**Vice President, Secretary and General Counsel:** Bryan R. Newcombe  
**Vice President and Controller:** Helen Miksits  
**Vice President and Chief Medical Officer:** Edgar Fernandez, MD  
**Vice President and Medical Director:** Yasmeen Beg, MD  
**Vice President and Medical Director:** James Kadouch, MD  
**Vice President and Medical Director:** Alacia Tarpley, MD  
**Vice President:** Ross W. Baker (Corporate Tax)  
**Vice President:** Michael D. Behlmaier (Customer Marketing)  
**Vice President:** Sarah Bennet (Marketing)  
**Vice President:** Ame R. T. Biggart (Corporate Actuarial)  
**Vice President:** Farron Blanc (Brokerage Distribution & Strategy)  
**Vice President:** Patti DeWitt (Underwriting & Claims Operations)  
**Vice President:** Barbara A. Esau (Human Resources)  
**Vice President:** Matthew J. Harasty (Internal Audit)  
**Vice President:** Sharon P. Jenkins (Underwriting Audit)  
**Vice President:** Michael McCarty (Valuation)  
**Vice President:** Brittan Riese (IT Infrastructure & Cyber Security)  
**Vice President:** John C. Stanek (Financial Planning & Strategy)  
**Vice President:** Fred Tavan (Product & Pricing)  
**Vice President:** Brooke Vemuri (Business Change & Transformation)  
**Vice President:** Anthony Wickline (Finance Transformation, Innovation & Controls)

### Directors

Barbara A. Esau  
 Bernie L. Hickman  
 Mark Holweger  
 Alla Kleyner  
 Deborah D. Lambert  
 Andrew D. Love  
 John P. Murrin  
 George L. Palms  
 Phillip C. Surprenant  
 Jennifer Torneden

## History

Government Employees Life Insurance Company (the predecessor corporation of Banner Life Insurance Company) was incorporated in the District of Columbia and commenced business in 1949. The present title was adopted in 1983. In 1986, the company was redomesticated to Maryland.

## Corporate Changes

Date	Event Type	Company Name	Current Company Name	Corporate Changes Text
00/00/1987	Domiciliary Change	Banner Life Insurance Company		This company redomesticated from Washington, D.C. to Maryland during 1987.

**Corporate Changes (Continued...)**

Date	Event Type	Company Name	Current Company Name	Corporate Changes Text
01/03/1983	Name Change	Government Employees Life Insurance Company	Banner Life Insurance Company	Changed its name to Banner Life Insurance Company effective January 3, 1983.

Search for this company in [Corporate Changes](#) in BestLink to review previous changes.

**Regulatory**

**Auditor:** KPMG, LLP

**Actuary:** Charles K. Chacosky, Director

An examination of the financial condition was made as of December 31, 2017, by the insurance department of Maryland. The 2020 annual independent audit of the company was conducted by KPMG, LLP. The annual statement of actuarial opinion is provided by Charles K. Chacosky, Director, PricewaterhouseCoopers, LLP.

**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:** GBP

**Company's local Currency:** British Pound

	9-Months		Year End - December 31			
	2021		2020		2019	
	USD (000)	%	USD (000)	%	USD (000)	%
<b>Balance Sheet</b>						
Cash and Short Term Investments	199,136	3.1	486,886	7.5	221,105	4.4
Bonds	2,825,723	44.5	2,817,192	43.6	2,651,079	52.5
Preferred and Common Stock	257,322	4.1	281,198	4.4	217,112	4.3
Other Invested Assets	772,929	12.2	758,292	11.7	738,230	14.6
<b>Total Cash and Invested Assets</b>	<b>4,055,110</b>	<b>63.8</b>	<b>4,343,568</b>	<b>67.2</b>	<b>3,827,526</b>	<b>75.8</b>
Premium Balances	321,745	5.1	300,553	4.7	320,120	6.3
Net Deferred Tax Asset	41,742	0.7	86,122	1.3	80,263	1.6
Other Assets	68,615	1.1	69,727	1.1	59,465	1.2
Total General Account Assets	4,487,213	70.6	4,799,970	74.3	4,287,373	84.9
Separate Account Assets	1,864,672	29.4	1,662,006	25.7	760,644	15.1
<b>Total Assets</b>	<b>6,351,885</b>	<b>100.0</b>	<b>6,461,976</b>	<b>100.0</b>	<b>5,048,017</b>	<b>100.0</b>
Net Life Reserves	2,734,354	43.0	2,753,396	42.6	2,351,325	46.6
Net Accident & Health Reserves	11,630	0.2	11,910	0.2	6,406	0.1
Liability for Deposit Contracts	18,819	0.3	17,526	0.3	16,549	0.3
Asset Valuation Reserve	44,163	0.7	36,518	0.6	26,396	0.5
Other Liabilities	1,358,224	21.4	1,320,350	20.4	1,273,927	25.2
Total General Account Liabilities	4,167,190	65.6	4,139,700	64.1	3,674,603	72.8
Separate Account Liabilities	1,864,672	29.4	1,662,006	25.7	758,065	15.0
<b>Total Liabilities</b>	<b>6,031,862</b>	<b>95.0</b>	<b>5,801,706</b>	<b>89.8</b>	<b>4,432,668</b>	<b>87.8</b>
Capital Stock	4,657	0.1	4,657	0.1	4,034	0.1
Paid-In and Contributed Surplus	1,497,913	23.6	1,497,913	23.2	1,212,535	24.0
Unassigned Surplus	-1,182,547	-18.6	-842,300	-13.0	-601,221	-11.9
<b>Total Capital and Surplus</b>	<b>320,023</b>	<b>5.0</b>	<b>660,270</b>	<b>10.2</b>	<b>615,349</b>	<b>12.2</b>
<b>Total Liabilities, Capital and Surplus</b>	<b>6,351,885</b>	<b>100.0</b>	<b>6,461,976</b>	<b>100.0</b>	<b>5,048,017</b>	<b>100.0</b>

Source: BestLink® - Best's Financial Suite

**Income Statement USD (000)**

	9-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Earned:				
Individual Life	...	...	-323,292	-473,908
Group Life	...	...	571	428
Individual Annuities	...	...	18	21
Group Annuities	...	...	1,407,283	831,818
Accident & Health	...	...	5,739	4,155
Total Net Premiums Earned	412,005	776,229	1,090,319	362,514
Net Investment Income	100,369	101,242	165,091	183,909
Reserve Adjustments on Reinsurance Ceded	-10,155	-9,810	-13,355	-13,820
Other Income	55,580	19,491	554,027	735,736
Total Revenue	557,797	887,152	1,796,082	1,268,339
Policy Benefits	340,540	691,804	1,412,775	1,013,943
Commissions and Expense Allowances	97,747	97,374	128,763	130,935
Insurance and Other Expense	160,131	170,776	196,783	210,490
Net Transfers to (from) Separate Accounts	-40,276	-16,824	-38,866	-20,910
Dividends to Policyholders	1,576	1,921	2,214	1,837
Pre-Tax Net Operating Gain	-1,922	-57,898	94,414	-67,957
Income Taxes Incurred	-1,111	-5,870	-13,468	-9,381
Net Operating Gain	-811	-52,028	107,883	-58,577
Net Realized Capital Gains	355	-2,061	-895	-411
Net Income	-456	-54,089	106,987	-58,987

Source: BestLink® - Best's Financial Suite

**Statement of Operating Cash Flows USD (000)**

	9-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Collected	166,135	870,732	164,230	344,693
Net Investment Income	101,649	102,312	170,205	186,908
Other Income Received	71,997	73,173	627,729	762,462
Total Collected Operating Revenue	339,781	1,046,216	962,164	1,294,063
Net Benefits and Loss Related Payments	518,145	546,598	1,260,169	456,022
Commissions and Other Expenses Paid	257,666	265,528	331,089	332,381
Net Transfers to (from) Separate Accounts	-302,050	-16,824	-941,649	-20,910
Dividends to Policyholders	1,101	1,121	1,414	1,887
Income Taxes Paid (Recovered)	-2,155	-9,264	-10,996	-20,767
Total Paid Expenses and Transfers	472,708	787,159	640,026	748,613
Net Operating Cash Flow	-132,927	259,058	322,138	545,450

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.

**Key Financial Indicators**

Key Financial Indicators USD (000)	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
<b>Assets:</b>							
General Account	4,487,213	4,383,006	4,799,970	4,287,373	3,819,390	3,250,733	2,387,214
Separate Accounts	1,864,672	1,061,215	1,662,006	760,644	566,148	600,087	494,732
Total	6,351,885	5,444,221	6,461,976	5,048,017	4,385,538	3,850,819	2,881,946
<b>Liabilities:</b>							
Net Life Reserves	2,734,354	2,698,084	2,753,396	2,351,325	1,821,438	984,997	401,952
Net Accident & Health Reserves	11,630	8,456	11,910	6,406	2,542	662	6
Liability for Deposit Contracts	18,819	17,052	17,526	16,549	16,992	17,557	14,808
Asset Valuation Reserve	44,163	32,763	36,518	26,396	18,253	15,573	12,526
Other General Account	1,358,224	1,444,335	1,320,350	1,273,927	1,222,522	1,477,971	1,477,094
Total	6,031,862	5,253,573	5,801,706	4,432,668	3,649,686	3,099,238	2,400,263
Total Capital and Surplus	320,023	190,648	660,270	615,349	735,852	751,581	481,684
Net Income	-456	-54,089	106,987	-58,987	-512,843	65,518	157,634
Net Premiums Earned	412,005	776,229	1,090,319	362,514	1,298,309	967,648	720,115
Net Investment Income	100,369	101,242	165,091	183,909	101,754	103,783	83,091

Source: BestLink® - Best's Financial Suite

Key Financial Ratios (%)	9-Months		Year End - December 31					Weighted 5- 2016 Year Average
	2021	2020	2020	2019	2018	2017		
Operating Return on Revenue	-0.1	-5.9	6.0	-4.6	-35.1	5.9	18.9	-3.7
Operating Return on Capital and Surplus	-0.2	-17.2	16.9	-8.7	-68.8	10.5	38.6	-7.8
Net Investment Yield	3.2	3.4	4.0	5.1	3.2	4.2	4.7	4.2
Pre-Tax Investment Total Return	2.4	2.7	4.6	6.0	-0.2	2.9	7.6	4.0
<b>Leverage (%)</b>								
General Account Liabilities to Capital and Surplus	13.0	22.0	6.3	6.0	4.2	3.3	4.0	...
Higher Risk Assets to Capital and Surplus:								
Mortgages Not in Good Standing	...	...	0.2	...	...	...	...	...
All Other Higher Risk Assets	43.8	60.4	18.2	14.0	9.5	14.8	19.2	...
<b>Liquidity Analysis</b>								
Current Liquidity (%)	93.6	94.6	100.4	101.2	115.6	146.3	145.4	...
Net Operating Cash Flow USD (000)	-132,927	259,058	322,138	545,450	729,527	645,847	702,773	...

Source: BestLink® - Best's Financial Suite

**Balance Sheet Highlights**

	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
<b>Capital Generation Analysis USD (000)</b>							
Beginning Capital and Surplus	660,270	615,349	615,349	735,852	751,581	481,684	337,223
Net Operating Gain	-811	-52,028	107,883	-58,577	-511,586	65,012	158,167
Net Realized Capital Gains (Losses)	355	-2,061	-895	-411	-1,256	506	-533
Net Unrealized Capital Gains (Losses)	-23,599	-20,667	-6,006	16,353	-95,308	-35,475	39,424
Net Change in Paid-In Capital and Surplus	...	...	286,000	...	...	300,000	...
Stockholder Dividends	-111,000	-109,000	-109,000	-107,000	-105,000	-100,000	-90,818
Other Changes in Capital and Surplus	-205,192	-240,946	-233,061	29,131	697,422	39,854	38,221
Net Change in Capital and Surplus	-340,247	-424,701	44,920	-120,503	-15,729	269,897	144,461
<b>Ending Capital and Surplus</b>	<b>320,023</b>	<b>190,648</b>	<b>660,270</b>	<b>615,349</b>	<b>735,852</b>	<b>751,581</b>	<b>481,684</b>
Net Change in Capital and Surplus (%)	-51.5	-69.0	7.3	-16.4	-2.1	56.0	42.8
Net Change in Capital and Surplus (5 yr CAGR)	...	...	14.4	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2020	2019	2018	2017	2016
<b>Ceded Reinsurance Analysis</b>					
<b>Banner Life Insurance Company</b>					
Face Amount Reinsurance Ceded USD (000)	667,481,578	646,445,771	624,827,280	596,363,181	573,820,430
Affiliated Reinsurance Recoverable / Capital & Surplus (%)	47.7	39.3	26.8	26.5	42.9
Unaffiliated Reinsurance Recoverable / Capital & Surplus (%)	10.8	9.9	11.3	8.0	15.3
Total Reinsurance Recoverable / Capital & Surplus (%)	58.6	49.1	38.2	34.5	58.2
Surplus Relief (%)	95.1	123.9	11.8	11.0	17.0
Reinsurance Leverage (%)	999.9	999.9	999.9	936.6	999.9
<b>Group Annuity Composite</b>					
Total Reinsurance Recoverable / Capital & Surplus (%)	5.1	4.6	4.5	4.1	4.2
Reinsurance Leverage (%)	209.3	203.6	205.9	200.6	185.7

Source: BestLink® - Best's Financial Suite

**Asset Liability Management | Investments**

	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
<b>Composition of Cash and Invested Assets</b>							
Total Cash and Invested Assets USD (000)	4,055,110	3,986,237	4,343,568	3,827,526	3,375,017	2,869,044	2,055,818
<b>Composition Percentages (%)</b>							
<b>Unaffiliated:</b>							
Cash and Short Term Investments	4.9	6.3	11.2	5.8	5.5	7.9	5.8
Bonds	69.7	69.8	64.9	69.3	73.8	76.7	73.0
Stocks	0.1	0.1	0.1	0.1	...	...	...
Mortgage Loans	17.1	17.9	16.4	18.3	16.2	10.5	12.7
Other Invested Assets	2.0	1.1	1.1	1.0	1.0	0.7	1.1
<b>Total Unaffiliated</b>	<b>93.8</b>	<b>95.2</b>	<b>93.6</b>	<b>94.4</b>	<b>96.4</b>	<b>95.9</b>	<b>92.5</b>
Investments in Affiliates	6.2	4.8	6.4	5.6	3.7	4.1	7.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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+	
<b>Distribution by Maturity (%)</b>						
Government Bonds	...	0.3	4.3	...	0.9	10.0
Government Agencies and Municipal Bonds	0.1	0.3	0.8	2.0	2.1	17.1
Industrial and Miscellaneous Bonds	2.1	15.2	16.9	26.0	29.2	14.5
<b>Total Bonds</b>	2.2	15.7	22.0	27.9	32.2	14.4

Source: BestLink® - Best's Financial Suite

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

### Bond Portfolio

Bonds & Short Term Investments USD (000)	2,825,723	2,780,933	2,818,923	2,703,270	2,490,613	2,217,886	1,630,931
<b>Unaffiliated Bonds:</b>							
US Government	...	...	5.3	3.5	7.3	21.1	15.7
Foreign Government	...	...	0.1	...	0.1	0.1	0.1
Foreign - All Other	...	...	14.6	15.2	16.4	14.3	11.9
State, Municipal & Special Revenue	...	...	5.2	6.1	5.6	5.1	5.6
Industrial & Miscellaneous	...	...	74.8	75.2	70.5	59.3	66.6
<b>Total Bonds</b>	...	...	100.0	100.0	100.0	100.0	100.0

#### By Private vs Public (%)

Private issues	...	...	39.2	40.1	35.3	27.4	24.0
Public issues	...	...	60.8	59.9	64.7	72.6	76.0

#### By Quality (%)

Class 1	56.7	57.6	56.1	58.3	62.6	72.8	70.9
Class 2	39.8	39.1	40.7	39.2	35.1	22.2	23.4
Class 3	2.5	2.3	2.3	1.0	1.0	2.7	2.6
Class 4	0.9	0.8	0.8	1.4	1.2	2.0	2.9
Class 5	0.1	0.2	0.2	0.1	0.1	0.3	0.1
Below Investment Grade (NAIC 3-6)	3.5	3.3	3.2	2.5	2.3	5.0	5.7
Below Investment Grade - % of Capital & Surplus	31.1	47.6	13.1	10.6	7.6	14.5	18.7

Source: BestLink® - Best's Financial Suite

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

### Stock Portfolio

Stocks USD(000)	257,322	195,812	281,198	217,112	123,279	117,296	153,761
<b>By Type (%)</b>							
Unaffiliated Common	...	...	1.6	1.7	...	...	...
Affiliated Common	...	...	98.4	98.3	100.0	100.0	100.0

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	131,529	-38,265	-482,067	-41,348	146,361
Group Life	1,882	269	206	471	315
Individual Annuities	-1,562	794	-1,388	625	-268
Group Annuities	-18,715	-17,117	-25,069	106,045	11,794
Accident & Health	-5,251	-4,258	-3,450	-718	-4
Other Lines of Business	...	...	183	-63	-33
<b>Total</b>	<b>107,883</b>	<b>-58,577</b>	<b>-511,586</b>	<b>65,012</b>	<b>158,167</b>

Source: BestLink® - Best's Financial Suite

Year End - December 31

	2020	2019	2018	2017	2016
Net Premiums Written USD (000)	5,739	4,155	1,970	344	3
Net Premiums Earned USD (000)	5,739	4,155	1,970	344	2
Claims and Cost Containment Ratio (%)	113.3	102.6	146.2	190.8	274.2
Expense Ratio (%)	102.6	128.2	177.8	230.8	61.5
Combined Ratio (%)	216.0	230.8	324.0	421.5	335.7
Underwriting Results USD (000)	-6,655	-5,435	-4,413	-1,105	-6

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	535	535	70.0	102.6	-389
Guaranteed renewable	5,203	5,203	117.8	102.6	-6,266

Source: BestLink® - Best's Financial Suite

## Business Profile Highlights

### Historical Market Presence

Year End - December 31

	2020	2019	2018	2017	2016
Individual Life	-323,292	-473,908	482,590	254,306	272,141
Group Life	571	428	320	299	282
Individual Annuities	18	21	18	15	23
Group Annuities	1,407,283	831,818	813,411	712,683	447,667
Accident & Health	5,739	4,155	1,970	344	3
<b>Total</b>	<b>1,090,319</b>	<b>362,514</b>	<b>1,298,309</b>	<b>967,648</b>	<b>720,115</b>

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
Texas	390,267	143,267	91,948	129,611	66,109
California	230,339	154,130	138,662	158,232	121,589
New Jersey	170,511	138,133	108,735	141,331	81,654
Michigan	155,045	37,952	97,996	44,193	32,110
Florida	139,277	115,743	113,546	105,008	292,132
Pennsylvania	138,438	78,743	177,905	91,147	63,095
Kentucky	118,531	34,459	15,993	28,261	12,541
Ohio	106,086	91,631	109,836	97,432	44,814
Illinois	93,648	78,513	71,420	78,783	48,909
Georgia	91,979	88,487	71,107	60,348	45,979
All Other	1,139,393	1,283,519	919,924	803,807	639,424
<b>Total</b>	<b>2,773,514</b>	<b>2,244,577</b>	<b>1,917,072</b>	<b>1,738,153</b>	<b>1,448,356</b>
Geographic Concentration Index	0.05	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2020	2019	2018	2017	2016
<b>By Line Reserves USD (000)</b>					
Individual Life	431,525	419,131	427,217	402,133	394,409
Individual Annuities	8,776	9,352	9,448	10,157	10,942
Group Life	136	140	152	147	140
Group Annuities	2,303,602	1,919,123	1,365,057	559,008	-18,259
Deposit Type Contracts	17,526	16,549	16,992	17,557	14,808
Accident & Health	9,210	5,506	2,542	662	6
Other	...	...	325	97	107
<b>Total (including Supplemental Contracts)</b>	<b>2,770,775</b>	<b>2,369,801</b>	<b>1,821,733</b>	<b>989,761</b>	<b>402,153</b>

Source: BestLink® - Best's Financial Suite

**Business Profile Highlights**

**Historical Market Presence (Continued...)**

	Year End - December 31				
	2020	2019	2018	2017	2016
<b>Life Policies Statistics</b>					
<b>Ordinary Policies</b>					
Issued	82,267	86,388	91,024	78,870	70,421
In Force	1,181,757	1,153,646	1,123,241	1,077,346	1,042,624
<b>Group Policies</b>					
In Force	1	1	1	1	1
<b>Group Certificates</b>					
Issued	98	115	148	119	74
In Force	866	822	761	668	598
<b>Life Insurance In Force USD (000)</b>					
Whole Life & Endowment & Additions	4,106,921	4,294,884	4,502,180	4,721,355	5,074,936
Term	668,259,203	646,520,786	624,226,678	595,540,491	572,543,710
Group	160,925	146,102	130,648	115,740	120,772
<b>New Life Business Issued USD (000)</b>					
Whole Life & Endowment & Additions	50,633	83,978	60,804	53,075	75,396
Term	47,679,487	50,469,031	51,977,791	45,864,662	40,684,921
Group	22,101	22,347	21,955	16,321	16,444

Source: BestLink® - Best's Financial Suite

# William Penn Life Insurance Company of New York

## Last Update

January 28, 2022

## Identifiers

**AMB #:** 006734

**NAIC #:** 66230

**FEIN #:** 13-1976260

**LEI #:** 5493001KE6Q5DH04LJ92

## Contact Information

**Administrative Office:**  
3275 Bennett Creek Avenue,  
Frederick, Maryland 21704  
United States

**Domiciliary Address:**  
70 E. Sunrise Highway, Suite 500,  
Valley Stream, New York 11581  
United States

**Web:** [www.LGAmerica.com](http://www.LGAmerica.com)

**Phone:** +1-516-794-3700

**Fax:** +1-301-279-4178

## Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

## Operations

**Date Incorporated:** September 12, 1962 | **Date Commenced:** February 23, 1963

**Domiciled:** New York, United States

**Licensed:** (Current since 10/30/2018). The company is licensed in the District of Columbia, AZ, CT, FL, ID, IA, KS, KY, MD, MS, MT, NJ, NY, OK, OR, PA, RI, SC, SD, TX and VT.

**Business Type:** Life, Annuity, and Accident

**Organization Type:** Stock

**Marketing Type:** Broker

**Financial Size:** XV (\$2 Billion or greater)

## Best's Credit Ratings

### Rating Relationship

**AM Best Rating Unit:** [086120 - Legal & General Group Plc](#)

William Penn Life Insurance Company of New York is a member of Legal & General Group Plc (AMB# 086120). William Penn Life Insurance Company of New York (William Penn - NY) is a member of the Legal & General Group Plc (L&G) rating unit due to the company's strategic importance to the group. William Penn - NY is a wholly owned subsidiary of Banner Life Insurance Company acting as that parent's New York marketing arm providing a 50-state marketing solution. William Penn - NY is fully integrated into the L&G group through investment management, back-office operations and corporate oversight. Refer to the [Best's Credit Report for AMB# 086120 - Legal & General Group Plc](#) 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 1976. 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:

Effective Date	Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
<b>Current -</b>							
<b>Dec 3, 2021</b>	<b>A+</b>	<b>g (Group Rating)</b>	<b>Stable</b>	<b>Affirmed</b>	<b>aa-</b>	<b>Stable</b>	<b>Affirmed</b>
Nov 20, 2020	A+	g (Group Rating)	Stable	Affirmed	aa-	Stable	Affirmed
Dec 6, 2019	A+	g (Group Rating)	Stable	Affirmed	aa-	Stable	Affirmed
Nov 16, 2018	A+	g (Group Rating)	Stable	Affirmed	aa-	Stable	Affirmed
Nov 10, 2017	A+	g (Group Rating)	Stable	Affirmed	aa-	Stable	Affirmed

## Corporate Structure

**Ultimate Parent:** AMB # 086120 - Legal & General Group Plc

Based on AM Best's analysis, AMB# 086120 Legal & General Group Plc 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

**President and CEO:** Mark N. Holweger

**CFO, SVP and Treasurer:** Andrew D. Love

**SVP:** Jennifer Torneden (Sales & Strategic Growth)

**Vice President and Chief Investment Officer:** Allah Kleyner

**Vice President and Chief Risk Officer:** Amy Butler

**Vice President, Secretary and General Counsel:** Bryan R. Newcombe

**Vice President and Controller:** Helen Miksits

**Vice President and Chief Medical Officer:** Edgar Fernandez, MD

**Vice President and Medical Director:** Yasmeen Beg, MD

**Vice President and Medical Director:** James Kadouch, MD

**Vice President and Medical Director:** Alacia Tarpley, MD

**Vice President:** Ross W. Baker (Corporate Tax)

**Vice President:** Michael D. Behlmaier (Customer Marketing)

**Vice President:** Sarah Bennet (Marketing)

**Vice President:** Ame R. T. Biggart (Corporate Actuarial)

**Vice President:** Farron Blanc (Brokerage Distribution & Strategy)

**Vice President:** Patti DeWitt (Underwriting & Claims Operations)

**Vice President:** Barbara A. Esau (Human Resources)

**Vice President:** Matthew J. Harasty (Internal Audit)

**Vice President:** Sharon P. Jenkins (Underwriting Audit)

**Vice President:** Michael McCarty (Valuation)

**Vice President:** Brittan Riese (IT Infrastructure & Cyber Security)

**Vice President:** John C. Stanek (Financial Planning & Strategy)

**Vice President:** Fred Tavan (Product & Pricing)

**Vice President:** Brooke Vemuri (Business Change & Transformation)

**Vice President:** Anthony Wickline (Finance Transformation, Innovation & Controls)

### Directors

Bernie L. Hickman

Mark Holweger

Alla Kleyner

Deborah D. Lambert

Andrew D. Love

John P. Murrin

George L. Palms, Jr.

Philip C. Surprenant

Jennifer Torneden

## History

Originally incorporated as Modern Life Insurance Company, in 1968 the title was changed to ITT Life Insurance Company of New York. In 1972 the name changed to William Penn Life Insurance Company of New York and its present title was adopted in 1975.

## Corporate Changes

Date	Event Type	Company Name	Current Company Name	Corporate Changes Text
01/15/1975	Name Change	Penn Life Insurance Company of New York	William Penn Life Insurance Company of New York	Changed its name to William Penn Life Insurance Company of New York effective January 15, 1975.
12/29/1972	Name Change	ITT Life Insurance Company of New York	William Penn Life Insurance Company of New York	Changed its name to Penn Life Insurance Company of New York effective December 29, 1972.
04/01/1968	Name Change	Modern Life Insurance Company	William Penn Life Insurance Company of New York	Changed its name to ITT Life Insurance Company effective April 1, 1968.

Search for this company in [Corporate Changes](#) in BestLink to review previous changes.

## Mergers

Banner Life Insurance Company of New York, 1991.

## Regulatory

**Auditor:** KPMG, LLP

**Actuary:** Charles K. Chacosky, FSA, MAAA

An examination of the financial condition was made as of December 31, 2017, by the insurance department of New York. The 2020 annual independent audit of the company was conducted by KPMG, LLP. The annual statement of actuarial opinion is provided by Charles K. Chacosky, FSA, MAAA, PricewaterhouseCoopers, LLP.

## 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:** GBP

**Company's local Currency:** British Pound

	9-Months		Year End - December 31			
	2021		2020		2019	
	USD (000)	%	USD (000)	%	USD (000)	%
<b>Balance Sheet</b>						
Cash and Short Term Investments	139,838	10.6	132,516	10.0	116,208	8.8
Bonds	926,716	70.2	918,212	69.3	904,122	68.6
Preferred and Common Stock	...	...	2,023	0.2	...	...
Other Invested Assets	214,717	16.3	226,774	17.1	254,490	19.3
<b>Total Cash and Invested Assets</b>	<b>1,281,271</b>	<b>97.1</b>	<b>1,279,525</b>	<b>96.6</b>	<b>1,274,819</b>	<b>96.8</b>
Premium Balances	3,556	0.3	1,342	0.1	-1,247	-0.1
Net Deferred Tax Asset	14,012	1.1	17,066	1.3	13,633	1.0
Other Assets	20,806	1.6	27,078	2.0	30,283	2.3
Total General Account Assets	1,319,644	100.0	1,325,011	100.0	1,317,489	100.0
<b>Total Assets</b>	<b>1,319,644</b>	<b>100.0</b>	<b>1,325,011</b>	<b>100.0</b>	<b>1,317,489</b>	<b>100.0</b>
Net Life Reserves	696,248	52.8	693,159	52.3	633,113	48.1
Net Accident & Health Reserves	1,279	0.1	1,148	0.1	386	...
Liability for Deposit Contracts	15,713	1.2	16,808	1.3	17,002	1.3
Asset Valuation Reserve	14,066	1.1	14,606	1.1	13,140	1.0
Other Liabilities	484,912	36.7	468,455	35.4	549,325	41.7
Total General Account Liabilities	1,212,217	91.9	1,194,175	90.1	1,212,966	92.1
<b>Total Liabilities</b>	<b>1,212,217</b>	<b>91.9</b>	<b>1,194,175</b>	<b>90.1</b>	<b>1,212,966</b>	<b>92.1</b>
Capital Stock	2,003	0.2	2,003	0.2	2,003	0.2
Paid-In and Contributed Surplus	150,058	11.4	150,058	11.3	110,058	8.4
Unassigned Surplus	-44,634	-3.4	-21,225	-1.6	-7,538	-0.6
<b>Total Capital and Surplus</b>	<b>107,427</b>	<b>8.1</b>	<b>130,836</b>	<b>9.9</b>	<b>104,523</b>	<b>7.9</b>
<b>Total Liabilities, Capital and Surplus</b>	<b>1,319,644</b>	<b>100.0</b>	<b>1,325,011</b>	<b>100.0</b>	<b>1,317,489</b>	<b>100.0</b>

Source: BestLink® - Best's Financial Suite

Income Statement USD (000)	9-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Earned:				
Individual Life	...	...	-155,219	15,873
Individual Annuities	...	...	193	222
Group Annuities	...	...	20,562	8,625
Accident & Health	...	...	569	68
Total Net Premiums Earned	40,167	43,851	-133,896	24,788
Net Investment Income	30,041	32,587	43,999	46,099
Reserve Adjustments on Reinsurance Ceded	22	-46	-47	-7
Other Income	-150	145	241,210	20,541
Total Revenue	70,081	76,537	151,267	91,421
Policy Benefits	5,494	27,851	56,980	10,927
Commissions and Expense Allowances	8,605	9,138	11,953	12,696
Insurance and Other Expense	25,448	25,579	33,092	35,807
Dividends to Policyholders	453	538	742	723
Pre-Tax Net Operating Gain	30,080	13,430	48,500	31,268
Income Taxes Incurred	-415	-8,674	-843	-106
Net Operating Gain	30,495	22,105	49,343	31,374
Net Realized Capital Gains	-125	1,358	1,236	-413
Net Income	30,370	23,463	50,579	30,962

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	9-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Collected	36,364	48,722	-174,623	49,645
Net Investment Income	32,357	33,607	43,442	46,437
Other Income Received	13,513	13,922	259,216	30,080
Total Collected Operating Revenue	82,234	96,252	128,035	126,162
Net Benefits and Loss Related Payments	44,721	40,553	55,387	86,174
Commissions and Other Expenses Paid	32,426	36,090	45,340	45,407
Dividends to Policyholders	453	513	717	673
Income Taxes Paid (Recovered)	1,661	-2,109	-325	-2,497
Total Paid Expenses and Transfers	79,261	75,047	101,119	129,757
Net Operating Cash Flow	2,972	21,205	26,915	-3,595

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.

## Key Financial Indicators

Key Financial Indicators USD (000)	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
<b>Assets:</b>							
General Account	1,319,644	1,278,815	1,325,011	1,317,489	1,194,078	1,185,244	1,169,567
Total	1,319,644	1,278,815	1,325,011	1,317,489	1,194,078	1,185,244	1,169,567
<b>Liabilities:</b>							
Net Life Reserves	696,248	656,652	693,159	633,113	634,145	618,114	618,981
Net Accident & Health Reserves	1,279	737	1,148	386	373	84	91
Liability for Deposit Contracts	15,713	16,970	16,808	17,002	15,171	15,163	13,574
Asset Valuation Reserve	14,066	13,990	14,606	13,140	12,961	13,297	11,652
Other General Account	484,912	508,603	468,455	549,325	428,601	428,536	381,004
Total	1,212,217	1,196,952	1,194,175	1,212,966	1,091,251	1,075,193	1,025,302
Total Capital and Surplus	107,427	81,864	130,836	104,523	102,827	110,051	144,265
Net Income	30,370	23,463	50,579	30,962	-216,495	35,405	-213,350
Net Premiums Earned	40,167	43,851	-133,896	24,788	-316,880	24,002	-294,086
Net Investment Income	30,041	32,587	43,999	46,099	43,310	43,156	43,641

Source: BestLink® - Best's Financial Suite

Key Financial Ratios (%)	9-Months		Year End - December 31					Weighted 5-Year Average
	2021	2020	2020	2019	2018	2017	2016	
Operating Return on Revenue	43.5	28.9	32.6	34.3	-99.9	41.8	-99.9	-57.2
Operating Return on Capital and Surplus	34.1	31.6	41.9	30.3	-99.9	27.3	-99.9	-52.4
Net Investment Yield	3.1	3.4	3.4	3.8	3.7	3.8	3.9	3.7
Pre-Tax Investment Total Return	3.1	3.5	5.1	4.4	3.6	4.4	4.0	4.3
<b>Leverage (%)</b>								
General Account Liabilities to Capital and Surplus	11.3	14.6	9.1	11.6	10.6	9.8	7.1	...
Higher Risk Assets to Capital and Surplus:								
All Other Higher Risk Assets	104.4	146.9	95.1	98.7	116.4	123.2	96.3	...
<b>Liquidity Analysis</b>								
Current Liquidity (%)	134.2	113.6	133.2	112.6	109.5	95.4	96.1	...
Net Operating Cash Flow USD (000)	2,972	21,205	26,915	-3,595	12,227	24,433	3,480	...

Source: BestLink® - Best's Financial Suite

## Balance Sheet Highlights

Capital Generation Analysis USD (000)	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Beginning Capital and Surplus	130,836	104,523	104,523	102,827	110,051	144,265	133,224
Net Operating Gain	30,495	22,105	49,343	31,374	-216,241	34,748	-210,486
Net Realized Capital Gains (Losses)	-125	1,358	1,236	-413	-255	657	-2,865
Net Unrealized Capital Gains (Losses)	140	-508	-196	...	...	...	...
Net Change in Paid-In Capital and Surplus	...	...	40,000	30,000	...	...	...
Other Changes in Capital and Surplus	-53,919	-45,614	-64,070	-59,266	209,271	-69,620	224,392
Net Change in Capital and Surplus	-23,409	-22,659	26,313	1,696	-7,224	-34,215	11,042
<b>Ending Capital and Surplus</b>	107,427	81,864	130,836	104,523	102,827	110,051	144,265
Net Change in Capital and Surplus (%)	-17.9	-21.7	25.2	1.6	-6.6	-23.7	8.3
Net Change in Capital and Surplus (5 yr CAGR)	...	...	-0.4	...	...	...	...

Source: BestLink® - Best's Financial Suite

**Balance Sheet Highlights**

Year End - December 31

**Ceded Reinsurance Analysis**

	2020	2019	2018	2017	2016
<b>William Penn Life Insurance Company of New York</b>					
Face Amount Reinsurance Ceded USD (000)	101,001,788	100,556,063	93,196,511	95,349,738	94,252,476
Affiliated Reinsurance Recoverable / Capital & Surplus (%)	3.8	3.5	6.1	6.1	6.3
Unaffiliated Reinsurance Recoverable / Capital & Surplus (%)	52.8	55.3	47.3	41.2	18.8
Total Reinsurance Recoverable / Capital & Surplus (%)	56.5	58.8	53.4	47.3	25.1
Surplus Relief (%)	198.1	28.8	380.5	20.3	254.9
Reinsurance Leverage (%)	999.9	999.9	999.9	999.9	999.9
<b>Individual Life Composite</b>					
Total Reinsurance Recoverable / Capital & Surplus (%)	5.3	4.7	4.7	4.5	4.1
Reinsurance Leverage (%)	183.7	182.1	180.3	169.7	164.5

Source: BestLink® - Best's Financial Suite

**Asset Liability Management | Investments**

9-Months  
2021 2020

Year End - December 31  
2019 2018 2017 2016

**Composition of Cash and Invested Assets**

	2021	2020	2020	2019	2018	2017	2016
Total Cash and Invested Assets USD (000)	1,281,271	1,237,427	1,279,525	1,274,819	1,155,193	1,142,439	1,111,012
<b>Composition Percentages (%)</b>							
<b>Unaffiliated:</b>							
Cash and Short Term Investments	10.9	7.5	10.4	9.1	3.5	5.7	2.5
Bonds	72.3	74.0	71.8	70.9	74.7	72.0	74.6
Stocks	...	0.2	0.2	...	...	...	...
Mortgage Loans	15.0	16.4	15.9	16.8	19.5	19.8	20.4
Other Invested Assets	1.8	1.9	1.9	3.1	2.3	2.5	2.6
<b>Total Unaffiliated</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Years

**Bonds and Short Term Investments**

	0-1	1-5	5-10	10-20	20+	Average (Years)
<b>Distribution by Maturity (%)</b>						
Government Bonds	...	1.8	1.0	...	9.5	20.4
Government Agencies and Municipal Bonds	0.9	0.6	0.4	0.8	1.3	12.5
Industrial and Miscellaneous Bonds	4.5	33.3	22.2	7.9	15.7	9.3
<b>Total Bonds</b>	5.4	35.7	23.7	8.7	26.6	10.8

Source: BestLink® - Best's Financial Suite

## Balance Sheet Highlights

### Asset Liability Management | Investments (Continued...)

	9-Months		2020	Year End - December 31			
	2021	2020		2019	2018	2017	2016
<b>Bond Portfolio</b>							
Bonds & Short Term Investments USD (000)	926,914	915,619	918,241	917,523	862,870	823,070	864,698
Unaffiliated Bonds:							
US Government	...	...	12.3	15.4	7.1	4.1	3.9
Foreign Government	...	...	...	...	...	0.1	...
Foreign - All Other	...	...	11.2	9.2	11.9	12.9	11.6
State, Municipal & Special Revenue	...	...	4.0	4.3	3.7	3.6	2.9
Industrial & Miscellaneous	...	...	72.5	71.1	77.3	79.4	81.6
<b>Total Bonds</b>	...	...	100.0	100.0	100.0	100.0	100.0
<b>By Private vs Public (%)</b>							
Private issues	...	...	37.6	34.9	37.2	37.9	36.8
Public issues	...	...	62.4	65.1	62.8	62.1	63.2
<b>By Quality (%)</b>							
Class 1	53.2	51.9	51.1	56.6	49.9	49.8	54.0
Class 2	34.7	35.0	35.4	32.2	36.2	33.7	30.0
Class 3	6.7	8.7	8.4	6.8	7.9	10.3	10.3
Class 4	4.8	3.7	4.4	3.8	5.3	5.4	5.4
Class 5	0.6	0.7	0.7	0.5	0.6	0.8	0.3
Class 6	...	...	...	0.1	0.1	...	...
Below Investment Grade (NAIC 3-6)	12.1	13.1	13.6	11.2	13.9	16.5	16.1
Below Investment Grade - % of Capital & Surplus	104.4	146.9	85.6	87.7	103.3	110.0	89.1

Source: BestLink® - Best's Financial Suite

	9-Months		2020	Year End - December 31			
	2021	2020		2019	2018	2017	2016
<b>Stock Portfolio</b>							
Stocks USD(000)	...	1,857	2,023	...	...	...	...
<b>By Type (%)</b>							
Unaffiliated Common	...	...	100.0	...	...	...	...

Source: BestLink® - Best's Financial Suite

## Operating Performance Highlights

	Year End - December 31				
	2020	2019	2018	2017	2016
<b>Net Operating Gain by Line of Business USD (000)</b>					
Individual Life	54,202	34,789	-216,709	35,135	-210,136
Individual Annuities	-4,128	-3,460	1,874	471	283
Group Annuities	232	95	...	...	...
Accident & Health	-964	-49	-256	-27	-14
Other Lines of Business	...	...	-1,150	-831	-618
<b>Total</b>	49,343	31,374	-216,241	34,748	-210,486

Source: BestLink® - Best's Financial Suite

## Operating Performance Highlights

	Year End - December 31				
	2020	2019	2018	2017	2016
<b>Accident &amp; Health Statistics</b>					
Net Premiums Written USD (000)	569	68	11	11	13
Net Premiums Earned USD (000)	568	68	10	11	12
Claims and Cost Containment Ratio (%)	139.8	66.4	999.9	424.8	191.8
Expense Ratio (%)	168.0	122.7	67.6	60.4	65.1
Combined Ratio (%)	307.7	189.1	999.9	485.2	256.9
Underwriting Results USD (000)	-1,181	-61	-327	-41	-20

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	566	566	139.2	168.0	-1,172
Guaranteed renewable	3	2	278.6	168.0	-9

Source: BestLink® - Best's Financial Suite

## Business Profile Highlights

### Historical Market Presence

	Year End - December 31				
	2020	2019	2018	2017	2016
<b>By Line Breakdown - NPW USD (000)</b>					
Individual Life	-155,219	15,873	-317,047	23,806	-294,369
Individual Annuities	193	222	157	186	271
Group Annuities	20,562	8,625	...	...	...
Accident & Health	569	68	11	11	13
<b>Total</b>	<b>-133,896</b>	<b>24,788</b>	<b>-316,880</b>	<b>24,002</b>	<b>-294,086</b>

Source: BestLink® - Best's Financial Suite

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

	2020	2019	2018	2017	2016
New York	208,833	196,009	183,793	183,515	183,383
New Jersey	8,616	7,700	7,734	8,417	9,984
Florida	7,911	7,868	8,077	8,397	9,238
Minnesota	6,523	6,345	6,149	6,048	5,829
Connecticut	2,599	2,442	2,375	2,310	2,356
Michigan	2,426	2,118	2,166	1,641	782
Pennsylvania	1,543	1,583	1,551	1,699	2,504
North Carolina	1,333	1,255	1,113	1,253	1,207
California	1,240	1,240	1,204	1,394	1,208
Massachusetts	950	1,083	823	1,042	766
All Other	7,971	8,188	7,226	7,465	8,741
<b>Total</b>	<b>249,945</b>	<b>235,830</b>	<b>222,211</b>	<b>223,182</b>	<b>225,999</b>
Geographic Concentration Index	0.70	...	...	...	...

Source: BestLink® - Best's Financial Suite

**Business Profile Highlights**

**Historical Market Presence (Continued...)**

	Year End - December 31				
	2020	2019	2018	2017	2016
<b>By Line Reserves USD (000)</b>					
Individual Life	505,881	463,659	460,019	449,132	439,989
Individual Annuities	151,468	147,974	144,012	151,304	154,864
Group Life	4	4	4	4	4
Group Annuities	28,382	8,504	...	...	...
Deposit Type Contracts	16,808	17,002	15,171	15,163	13,574
Accident & Health	1,144	383	369	82	88
Other	...	...	701	403	622
<b>Total (including Supplemental Contracts)</b>	<b>703,687</b>	<b>637,526</b>	<b>620,275</b>	<b>616,087</b>	<b>609,141</b>

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2020	2019	2018	2017	2016

**Life Policies Statistics**

**Ordinary Policies**

Issued	7,619	9,620	9,678	10,826	11,500
In Force	181,754	181,167	179,436	177,799	175,744

**Group Policies**

In Force	1	1	1	1	1
----------	---	---	---	---	---

**Group Certificates**

In Force	1	1	1	1	1
----------	---	---	---	---	---

**Life Insurance In Force USD (000)**

Whole Life & Endowment & Additions	3,435,595	3,655,582	3,869,580	4,140,192	4,426,912
Term	106,617,078	104,661,841	101,645,165	99,142,799	96,414,854
Group	5	5	5	5	5

**New Life Business Issued USD (000)**

Whole Life & Endowment & Additions	13,645	32,743	22,490	20,734	16,513
Term	5,108,110	6,752,828	6,450,944	7,181,103	7,262,155

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.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

Visit <https://www.ambest.com/ratings/index.html> for additional information or <https://www.ambest.com/terms.html> for details on the Terms of Use. For current ratings visit [www.ambest.com/ratings](http://www.ambest.com/ratings)

[Best's Credit Rating Methodology](#) | [Disclaimer](#) | [Best's Credit Rating Guide](#)

Copyright © 2022 A.M. Best Company, Inc. and/or its affiliates. All rights reserved.

No portion of this content may be reproduced, distributed, or stored in a database or retrieval system, or transmitted in any form or by any means without the prior written permission of AM Best. While the content was obtained from sources believed to be reliable, its accuracy is not guaranteed. For additional details, refer to our Terms of Use available at AM Best website: [www.ambest.com/terms](http://www.ambest.com/terms).

