Best's Rating Report

MUTUAL TRUST LIFE INSURANCE COMPANY

SM

A Pan-American Life Insurance Group Stock Company

A

Ultimate Parent:
Pan-American Life Mutual Holding Company

MUTUAL TRUST LIFE INSURANCE COMPANY, A PAN-AMERICAN LIFE INSURANCE GROUP STOCK COMPANY
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AMB#: 006756 **NAIC#: 66427**
Ultimate Parent#: 052016 **FEIN#: 36-1516780**

BEST'S CREDIT RATING

Best's Financial Strength Rating: A **Outlook**: Stable
Best's Financial Size Category: IX

RATING RATIONALE

Rating Rationale: The ratings of Pan-American Life have been extended to the company as it is a material part of the company's business strategy and shares its executive management and risk management capabilities.

The following text is derived from A.M. Best's Credit Report on Pan-American Life Insurance Group (AMB# 069617).

Pan-American Life Insurance Company and its wholly owned subsidiary, Pan-American Assurance Company, and three affiliates, INRECO International Reinsurance Company (INRECO), Pan-American International Insurance Corporation and Mutual Trust Life Insurance Company (MTL), a Pan-American Life Insurance Group Stock Company, are collectively referred to as the

Pan-American Life Insurance Group (Pan-American Life). These entities are wholly owned operating insurance subsidiaries of the Pan-American Life Insurance Group, Inc. (PALIG), an intermediate holding company wholly owned by the Pan-American Life Mutual Holding Company. The ratings of Pan-American Life reflect the benefits derived from its established and recognized presence in Latin America and the U.S. Hispanic marketplace, as well as PALIG's improved balance sheet anchored by its solid consolidated risk-adjusted capitalization and well-performing fixed-income investment portfolio. Additionally, Pan-American Life continues to report positive net operating performance. Partially offsetting these strengths are the challenges to further grow statutory capital, improve operating performance within certain lines of business, and to successfully execute its business plans throughout the enterprise. The ratings also reflect the economic, political, and financial system risks associated with the Latin American and Caribbean countries where Pan-American Life writes a significant amount of premium.

Pan-American Life maintains a strong and long-established position in the Andean Region, Central America and the Caribbean, as well as in the U.S. Hispanic marketplace. Through its insurance operating subsidiaries, the group markets life and health insurance products through independent agents, brokers and several career agency systems. Pan-American Life's U.S. operations are primarily conducted through Pan-American Life Insurance Company, Pan-American Assurance Company and MTL, a provider of ordinary life insurance. Pan-American Life Mutual Holding Company merged with Mutual Trust Holding Company, parent of MTL, in October 2015. The acquisition of MTL strengthened the group's U.S.-based operations and added nearly $2.1 billion in assets. Pan-American Life's non-U.S. businesses are conducted through several foreign branches and affiliates. INRECO primarily engages in reinsuring portions of the life and health insurance products sold in Latin America and the Caribbean by branches of Pan-American Life Insurance Company and other insurance subsidiaries of PALIG, in addition to maintaining several indemnity reinsurance blocks of business obtained through the 2012 acquisition of certain businesses from MetLife, Inc. (MetLife). On a consolidated basis, PALIG maintains a solid level of risk-adjusted capitalization for its overall business and investment risks. This provides the group with additional capital flexibility for further enhancement of its long-term growth initiatives. Risk-adjusted capitalization has been further enhanced by a consistent trend of operating earnings and a high-quality fixed-income investment portfolio that has avoided large investment losses and is currently in a net unrealized gain position. A.M. Best views Pan-American Life's growth strategy positively. However, A.M. Best also recognizes the risks associated with new product launches, especially given the group's geographically diverse markets.

While Pan-American Life's consolidated risk-adjusted capitalization remains solid for its current business and investment risks, the group's absolute capital growth has slowed recently, impacted primarily by dividend payments made to PALIG. A.M. Best notes that capital growth several years ago was impacted favorably by the sale of a hotel joint venture. The current management team continues to implement and improve business strategies by focusing on growing the core Latin American and Private Client Life sales while attempting to re-emphasize its U.S. operations focused on the Hispanic market. Although Pan-American Life has delivered positive aggregate operating results for several years, A.M. Best believes the group may continue to be vulnerable to earnings volatility as it executes on its growth strategies in certain challenging markets, particularly the U.S. operations. However, A.M .Best notes that the company has been working to further diversify its product offerings as well as implement various expense efficiencies for increased profitability. Concerns remain regarding potential changes in the economies of countries the group operates in outside the U.S., which could result in additional challenges despite its long-standing name recognition and cultural affiliation. Nonetheless, growth expectations in the Latin American market are more favorable than in the U.S. due to a developing middle class and historically lower insurance penetration rates.

An increase in financial leverage and/or a decline in interest coverage that falls materially short of A.M. Best's guidelines could lead to a negative rating action. A sustained deterioration in Pan-American Life's total capital and/or risk-adjusted capitalization could also result in a negative rating action. Additionally, a sustained deterioration in net operating performance could result in a negative rating action.

KEY FINANCIAL INDICATORS ($000)

Year	Assets	Total Capital Surplus Funds	Asset Valuation Reserve	Net Premiums Written	Net Invest Income	Net Income
2012	1,780,808	89,558	18,307	219,406	81,414	1,630
2013	1,894,920	127,815	13,382	201,214	82,833	1,956
2014	1,927,955	132,022	12,971	174,441	82,841	7,539
2015	1,931,150	137,970	11,846	156,217	82,585	3,823
2016	1,959,783	144,814	12,805	159,674	83,219	3,391

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

BUSINESS PROFILE

In 2015, Mutual Trust Holding Company and MTL Holdings, Inc., MTL Insurance Company's (MTL) former parent entities, merged into Pan-American Life Mutual Holding Company and Pan-American Life Insurance Group (PALIG), the parent holding and intermediate holding companies of the Pan-American Life Insurance Company (PALIC), respectively. MTL will continue to operate as a standalone subsidiary of PALIG, providing geographic diversification and distribution relationships within the U.S. and leading the domestic life business of PALIG.

MTL remains a provider of whole life insurance to the middle and upper income markets. MTL is licensed in all states except N.Y. While the Midwest and Western regions represent a significant portion of its new production, the company has recently focused on expansion in the Southeast region.

MTL's core whole life business has historically accounted for the significant portion of its total premium written and reserves. Additional product offerings include term, universal life, and fixed annuities; however, sales of these products are relatively modest. Single premium traditional paid-up addition riders have been a major contributor to new life sales volume, as policyholders invest additional funds into whole life products over and above the scheduled premium. The company's life line of business continues to experience a persistency rate in line with the industry, as the average size of policies in force continues to increase year over year; however, the number of policies in force has declined. MTL plans to continue to grow its participating whole life premium focusing on underserved and niche markets.

The annuity line of business is small in comparison to ordinary life, but has historically provided a significant portion of the company's net operating gains. Annuity gains serve to support the company's operating results as it experiences new business strain from growth in its life insurance business. The proportion of reserves associated with annuities continues to decline as the company is focused on ordinary life growth. As a result, most of the annuity reserves are without surrender charge protection. A.M. Best notes, however, that MTL's annuity segment is primarily seasoned policies which typically exhibit lower risk of disintermediation.

MTL historically provided additional financial services through its affiliates, MTL Equity Products, Inc. and MTL Agency, Inc. MTL Equity Products, Inc. was a registered broker-dealer that distributed mutual funds and variable insurance products, and was sold by MTL in February 2013. MTL Agency, Inc. offered an extended range of specialty products not offered through MTL Insurance Company; however, this subsidiary is currently dormant.

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Pan-American Life Insurance Company markets its life and accident and health products in 47 U.S. states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. It is also authorized to sell certain insurance products in various foreign countries. Pan-American Assurance is authorized to sell life insurance products in 40 U.S. states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Pan-American Assurance primarily markets and distributes traditional universal life products. The business written by Pan-American Assurance is ceded almost entirely to its parent, Pan-American Life Insurance Company. Pan-American Life - Puerto Rico is engaged principally in the business of selling group health and group term life insurance business to the citizens of Puerto Rico. Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company, focuses on traditional whole life. INRECO International Reinsurance Company is a wholly owned subsidiary of PALIG and an affiliate of Pan-American Life Insurance Company. INRECO is licensed as a Class "B(iii)" insurer, subject to the provisions of the insurance laws of the Cayman Islands. INRECO is primarily engaged in reinsuring a portion of the life and health insurance products that are sold in Latin America by the branches and affiliates of Pan-American Life Insurance Company as well as other insurance subsidiaries of PALIG, in addition to maintaining several indemnity reinsurance blocks of business obtained in the 2012 acquisition. INRECO retrocedes a portion

of the assumed risk to non-affiliated reinsurance companies. Finally, Pan-American International Insurance Corporation (Pan-American International Insurance) is licensed as a Class "B(iii)" insurer subject to the provisions of the insurance laws of the Cayman Islands. It is a wholly owned subsidiary of INRECO. Pan-American International Insurance is predominately engaged in issuing United States dollar-dominated life insurance products that are primarily sold to residents of Central and South America and the Caribbean region. Pan-American International Insurance also sells certain life and accident and health products through its branch in Barbados.

Scope of Operations: PALIG manages its U.S. and international insurance businesses through four business segments: International Group, International Life, U.S. Life and U.S. Group.

International operations operate through branches and affiliates in Costa Rica, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama and 15 Caribbean markets including Barbados, the Cayman Islands, Curacao, Saint Lucia and Trinidad and Tobago. PALIG has been in most of these countries since 1912 and benefits from its brand recognition in these markets. PALIG has a strong market position in Panama, Costa Rica, Honduras, Ecuador, El Salvador, Guatemala and Trinidad & Tobago. This market position, long-term stability, understanding of the culture, U.S. headquarters, and substantial barriers to entry for new competition has given PALIG an important sustainable competitive advantage. Products are marketed through managing and producing general agents and captive agencies, among others.

The International Group segment's core products are group health, group life, group accident and health, individual accident and health, credit life and individual health. PALIG's expansive medical and provider healthcare network in Latin America ("PALIGMED") offers policyholders access to top hospital, diagnostic services and high-quality physicians. Additionally, the International Group segment offers private client major medical (a product created to serve the health needs of the middle to upper income target market), group pension, dental and personal accident. These products are distributed primarily through major brokers, sponsors, and directly. The International Group segment core group health products include coverage for the emergency room, hospitalizations, ambulatory, and outpatient care, consultations, surgeries, prescription drugs, laboratory, radiology, and certain well-care benefits. These health products include both in and out-of-network options, with varying degrees of deductibles, co-pays, and co-insurance. Group life products are offered as a multiple of monthly salary and include double benefit for accidental death as well as dismemberment benefits. Individual health products are similar to the group health products, but underwriting is performed on an individual basis. An option for limited international care is also offered. PALIG also offers personal accident business to protect against sudden loss of income due to accident, loss or illness in Latin America and the Caribbean.

Finally, the International Group segment has developed mass marketing/micro insurance products that are low price and accessible to large numbers of individuals through affinity groups, banks, utilities and department stores. Products include cancer, low limit accidental death and dismemberment, cash hospital income plan, low limit life, dread disease, and dental. Third party complimentary products are also offered under the Pan-American brand name. PALIG has implemented a centralized approach to managing its group insurance customer relationships in most of the Latin American and Caribbean markets. This has been done to standardize the operational model, providing a consistently high level of service in a cost-effective manner.

The International Life segment focuses its marketing efforts to the emerging and affluent, middle and upper class market segments for in-country risk. The International Life segment markets individual life products to high net worth international customers through its industry leading foreign national program ("Private Client Life"). Pan-American International Insurance Corporation, Pan-American Assurance Company, Inc. and Pan-American Assurance Company International, Inc. are the main unit members utilized for reaching foreign nationals marketing Private Client Life products through private banks, broker-dealers and independent agents in Florida and Texas. PALIG recently launched "LifeAccess" a universal life product for the Latin American region.

The U.S. Life segment markets and distributes traditional whole life, traditional universal life, and level term life products. These products are distributed through independent agents and brokers. Additionally, it administers closed blocks of industrial life, disability income and fixed annuities. In the U.S. Life segment, PALIG focuses on marketing whole life product through MTL and traditional universal life products in the Government and National Guard markets through targeted distributors. PALIG, through targeted distribution outlets, is also focused on first and second generation Hispanics.

A.M. Best notes that until the merger with Mutual Trust, the majority of PALIG's life sales had been generated in Latin American countries.

The U.S. Group segment focuses on selling and administering employer paid and voluntary life, limited benefit health plans and short term disability products. Its special markets division offers a wide array of coverages including stop loss, term life, group dental, short term medical, travel accident, and occupational accident. U.S. Group business's products are anchored by its "PanaMed" limited benefit medical plan that pays a fixed benefit amount to help cover the cost of common medical services. PALIG continues to expand and revise its extensive product portfolio to meet the needs of its clients. "PanaBridge Advantage," a qualifying plan for an individual under ACA, is a flexible combination of "PanaMed," self-insurance and stop-loss coverage all on one platform to provide an affordable solution to target clients. Additionally, ancillary products are marketed including: Rx—insured and discount prescription services; medical accident with accidental death and dismemberment that reimburses up to a specified amount per accident; dental and vision—that can be designed to complement a limited benefit medical plan or be sold on a stand-alone basis; group term life; and global repatriation of remains that focuses on repatriation of foreign nationals to their home country.

A.M. Best notes that in 2012, PALIG acquired certain businesses and assets of American Life Insurance Company (ALICO) from MetLife, Inc. These businesses acquired consisted primarily of ALICO's unit in Trinidad and Tobago, along with branches in Barbados, the Cayman Islands, and the majority of the Leeward and Windward Islands, as well as the ALICO insurance operations in Panama and Costa Rica, and represented $745.8 million in total assets and approximately $170 million in revenue. With the acquisition, PALIG grew its presence in Latin American markets and expanded into Caribbean markets, as well as expanded into new product lines within those markets. Additionally, also in 2012, PALIG further expanded its geographic footprint by launching its operations in Mexico. International major medical insurance and personal accidents coverage are currently marketed and distributed through a distribution channel composed of agents, promoters and brokers with a highly specialized profile to provide services to clients in Mexico.

Territory: The company is licensed in the District of Columbia, 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.

OPERATING PERFORMANCE

Operating Results: Life premiums declined considerably in 2014 and 2015, followed by modest growth in 2016 as the company executed on its strategy under the Pan American team. The decline in past years was the result of recent product pricing changes and continued reduction of the dividends to policyholders since 2007, which A.M. Best views favorably given the need to reprice products in the low interest rate environment. Earnings compression in the whole life line due to low interest rates has been partially offset by dividend reductions. However, this has resulted in some agents transferring policies to other carriers causing an increase in surrenders but offset by reserve releases.

Statutory earnings have been hampered in recent years due to the strain of new business; however, less new business strain and reduced expenses resulted in larger net operating gains in 2014 and 2015. Historically, the annuity line of business has supported modest life earnings through interest margin spreads, despite being only a small fraction of reserves. Spread compression is a concern given the proportion of earnings derived from the annuity and universal life policies, as well as the high guaranteed minimum crediting rates on these policies.

MTL is projecting earnings to decline to pre-2014 levels as expected sales growth increases new business expense strain. Additionally, the company is in the process of upgrading its IT infrastructure, which will increase expenses in the near term.

The following text is derived from A.M. Best's Credit Report on Pan-American Life Insurance Group (AMB# 069617).

Pan-American Life continues to represent a meaningful portion of the consolidated operation's net income and other comprehensive income. Pan-American Life's consolidated net operating performance has been profitable—albeit fluctuating—in recent years. The majority of earnings have been generated in the ordinary life segment. A.M. Best notes that Pan-American Life's group accident and health segment has also generated meaningful profitability the past several years.

Over the past several years, Pan-American Life has invested significant effort and resources in its international major medical business and domestic life insurance segment. With its diversified product offerings and presence in the U.S., as well as in Central America and the

Caribbean, PALIG and its affiliates have generated relatively steady premiums. The U.S. and Latin American operations account for a significant amount of premium activities.

Pan-American Life's total net premium has declined over the past few years due to the impact of reinsurance and the transfer of a block of business to an affiliate. Net operating gains reported in 2016 reflected favorable underwriting results and were bolstered by a steady stream of net investment income. Pan-American Life has over the past several years implemented initiatives focused on minimizing net operating losses in its accident and health segments including further enhancing its strict underwriting discipline and canceling certain rich benefit accident and health products. Premiums trends in the statutory group reflect its operations in the U.S. which have benefited from the MTL merger, but remain challenged by the level of competition in the domestic life market.

Earnings reported in 2014 and 2015, while positive, declined from 2013, as net investment income did not benefit, as it did in 2013, from a one-time gain due to the sale of real estate property (see Investments - Other Invested Assets—below). Prior to 2014, growth in overall net premium was enhanced by the domestic group's utilization of its U.S. Benefits strategy primarily targeting the Hispanic customer segment and major Hispanic employers. For 2017, Pan-American Life expects to continue to expand in the domestic and Latin American group segments as well as continuing its efforts to grow the international major medical business.

BALANCE SHEET STRENGTH

The following text is derived from A.M. Best's Credit Report on Pan-American Life Insurance Group (AMB# 069617).

Capitalization: Pan-American Life's consolidated risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) model is solid for its current business and insurance risks supported by its positive statutory net operating performance, conservative fixed-income investment portfolio, and effective asset liability management processes and cash flow analysis techniques. Pan-American Assurance, Pan-American - Puerto Rico, and MTL also maintain solid stand-alone risk-adjusted capital levels for their respective business and investment risks as measured by the BCAR. INRECO and Pan-American International Insurance Corp. also have satisfactory stand-alone risk-adjusted capital levels as measured by A.M. Best's Universal BCAR.

Pan-American Life's total statutory capital has fluctuated in recent years. In 2015 and again in 2016, statutory capital rose, with net income offsetting a slight uptick in dividends to stockholders. Conversely, in 2014, statutory capital modestly declined, despite a reduction in dividends to stockholders in 2014 compared with 2013, as non-admitted assets rose, mostly due to a significant increase in the intangible asset and prepaid asset related to the group's defined benefit plan (note that the liabilities for the pension plan have since been moved to the holding company). In 2013, statutory capital increased, impacted positively by a significant increase in net operating gains that included the favorable impact of $23.4 million in net investment income derived from the sale of real estate property. The 2013 capital increase was further enhanced by a significant decrease in non-admitted assets related to the group's defined benefit plan.

Pan-American Life's statutory capital is supported by a $50 million par value surplus note issued in 2005 (maturity date of the issuance is 2035) and a $30 million par value surplus note issued in 2013 at MTL (maturity date is 2028). The proceeds from this surplus note were used for general corporate purposes. The surplus notes are subordinate to the payment of all claims and all senior indebtedness of Pan-American Life, if any. A.M. Best notes that PALIG's adjusted debt-to-capital and interest coverage ratios are well below the maximum guidelines for the group's current ratings.

The following text is derived from A.M. Best's Credit Report on Pan-American Life Insurance Group (AMB# 069617).

Liquidity: At year-end 2016, Pan-American Life (including MTL) held more than $2 billion in long-term bonds and short-term assets, with just over ninety-four percent in investment-grade holdings. Over eighty percent of Pan-American Life's liabilities consist of aggregate reserves and claims for life contracts, in compliance with regulatory statutes. Pan-American Life maintains a program of matching liabilities with assets. A.M. Best believes that these liabilities pose no threat to Pan-American Life's liquidity. Pan-American Life maintains no off-balance sheet arrangements, high-yield financings or highly-leveraged transactions, and makes no non-investment-grade loans or investments. Furthermore, Pan-American Life has no exposure to CDS trading, variable annuities and guaranteed

products, derivative positions tied to subprime securities, or securities lending programs. Pan-American Life expects no material cash flow strain in the near to medium-term.

Pan-American Life does not expect to incur any short or long-term debt, except for the maintenance of its surplus notes. Pan-American Life Insurance Company is a member of the Federal Home Loan Bank in Dallas ("FHLBD") and MTL is a member of the Federal Home Loan Bank in Chicago ("FHLBC"). Pan-American Life maintains a borrowing capacity of approximately $145 million through its memberships.

A.M. Best notes that during 2012, PALIG completed its acquisition of select businesses and assets from MetLife. Pan-American Life assisted in the transaction by funding an inter-company loan through the utilization of its FHLBD credit facility. Both the inter-company loan and the FHLBD facility were fully repaid by year-end 2012. $10 million borrowed by MTL from FHLB, prior to the merger with Pan-American, was repaid during 2016. There are currently no outstanding borrowings from the Federal Home Loan Bank system.

Investments: The company's investment portfolio consists primarily of high credit quality fixed income securities and commercial mortgage loans, with modest investments in contract loans, common and preferred stock, real estate and cash. Investments are allocated by product segments for asset-liability matching, although there are assets backing surplus (from the surplus note) that are generally of higher risk. Allocations to higher risk assets, defined as below investment grade bonds, mortgage loans, and equities, have declined in recent years, primarily driven by a decrease in mortgage loans, and are in-line with industry averages.

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Pan-American Life currently represents a large majority of PALIG's insurance business and also represents a significant portion of PALIG's total assets and equity. The vast majority of the invested assets of PALIG and its subsidiaries are internally managed (MTL portfolio has a small percentage of its investments managed by a third-party; this agreement is in run-off).

The majority of Pan-American Life's invested assets are high quality long-term bonds representing over seventy-eight percent of total invested assets. The remaining invested assets consist of contract loans, cash balances and short-term obligations, preferred and common stocks, and modest levels of direct mortgage loans and real estate assets primarily held for production of income.

Asset/liability management (ALM) and cash flow analysis are integral parts of Pan-American Life's investment philosophy. These strategies provide management with detailed information on profitability and portfolio performance.

Investments - Bond Portfolio: Pan-American Life's long-term bond portfolio possesses good liquidity and is comprised largely of investment-grade securities. The investment-grade securities are in both NAIC 1 and NAIC 2 holdings. Slightly more than forty percent of the portfolio is in private placement issues that are well-diversified across industry sectors and predominantly liquid 144a securities. A.M. Best notes that Pan-American Life's total long-term bond portfolio is currently in a sizable net unrealized gain position. The long-term bond portfolio is well-diversified among corporate obligations, special revenue and both U.S. and foreign government debt in Latin American countries where it operates. Pan-American Life's below-investment-grade (BIG) bonds are within industry benchmarks, both on an absolute basis and as a percentage of capital. Pan-American Life's exposure to structured securities is modest representing fifteen percent of the total portfolio. The majority of these securities are residential mortgage-backed securities, consisting primarily of agency guaranteed and non-agency collateralized mortgage obligations and commercial mortgage-backed holdings. Pan-American Life's mortgage-backed securities have no exposure to the subprime residential market, and its exposure to residential Alt-A is modest. The group's exposure to asset-backed securities is also somewhat modest.

Investments - Equity Portfolio: The majority of Pan-American Life's preferred stock portfolio is investment-grade and exhibits solid credit characteristics. Pan-American Life has increased its preferred stock portfolio in recent years in order to take advantage of the favorable return environment. The majority of the return comes from dividends. The unaffiliated common stock portfolio consists largely of its investment in Federal Home Loan Bank (FHLB) stock. The FHLB stock provides the company access to additional financing and liquidity.

Investments - Mortgage Loans and Real Estate: Pan-American Life's direct mortgage loan portfolio is modest and consists mainly of commercial mortgages. The direct mortgage loan portfolio had been de-

clining in recent years. A.M. Best views the exposure to direct mortgage loans as modest relative to total capital. The group currently has no impaired mortgage loans.

The majority of real estate assets consist of commercial real estate properties located in Latin America.

Investments - Other Invested Assets: On January, 23, 2013, Panacon, the general partnership in which Pan-American Life holds a two-thirds interest, sold the 490-room luxury class Inter-Continental Hotel in downtown New Orleans to a third party for approximately $53.8 million. The majority of the proceeds from the sale of the hotel were distributed to the partners of Panacon. Pan-American Life, in conjunction with the sale, sold the land on which the hotel is built to the same third party for $4.7 million. The distribution from the sale of the hotel resulted in $23.4 million in statutory investment income for Pan-American Life. Pan-American Life continues to hold a two-thirds interest in Panacon, and will do so until the remaining obligations of the partnership are settled and the partnership is dissolved. The remaining Schedule BA assets consist primarily of unaffiliated limited partnerships and affiliated collateral loans.

MANAGEMENT

Officers: President and Chief Executive Officer, Stephen M. Batza; Senior Vice President and Chief Marketing Officer, Luke E. Cosme (Sales); Senior Vice President, Secretary and General Counsel, Geri-Lynn M. Gaughan; Senior Vice President, Treasurer and Chief Financial Officer, John D. Rosenkranz; Senior Vice President and Chief Actuary, Narayan S. Shankar (Investments); Vice President and Chief Underwriting Officer, Joel Jones; Vice President and Controller, Timothy P. Diggs; Vice Presidents, Roger L. Barth (Product Development), Margaret M. Culkeen (Investment Operations), Rod L. Gross (Internal Audit), Rick L. Mabry (Corporate Tax), Paula Mannon (Human Resources), David H. McCaughey (Technical Services), Stacy L. McWhorter (Life Operations).

Directors: Stephen M. Batza, Jerry D. Carlisle, Martha O. Hesse, Carlos F. Mickan, Kenneth C. Mlekush, Wendell A. Mottley, Daniel P. Mulheran, Sr., Carlos Palomares, Patrick J. Quinlan, M.D., John D. Rosenkranz, Coleman D. Ross, Narayan S. Shankar, José S. Suquet, J. Antonio Villamil.

Balance Sheet
Assets ($000)

	YE 2016
Total bonds	$1,462,746
Total preferred stocks	500
Total common stocks	10,098
Mortgage loans	67,221
Real estate	6,800
Contract loans	275,178
Cash & short-term invest	50,490
Prems and consids due	23,969
Accrued invest income	16,193
Other assets	46,590
Assets	$1,959,783

Liabilities ($000)

Net policy reserves	$1,705,205
Policy claims	5,105
Deposit type contracts	31,785
Interest maint reserve	21,124
Comm taxes expenses	5,035
Asset val reserve	12,805
Other liabilities	33,912
Total Liabilities	$1,814,970
Common stock	2,500
Surplus notes	30,000
Paid in & contrib surpl	10,250
Special surplus funds	3,078
Unassigned surplus	98,986
Total	$1,959,783

Best's Rating Report

Why is this *Best's® Rating Report* important to you?

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899.

A Best's Financial Strength Rating (FSR) is an **independent opinion** of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts and does 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. An FSR 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.

The company information appearing in this pamphlet is an extract from the complete AMB Credit Report. You may obtain the complete report by contacting Customer Service at +1(908)439-2200 or customer_service@ambest.com. Please reference the company's identification number (AMB#) listed on this rating report.

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