

BEST'S RATING REPORT



MUTUAL TRUST[®]
LIFE INSURANCE COMPANY

A Pan-American Life Insurance Group Stock Company

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Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company

Disclosure Information: View A.M. Best's [Rating Disclosure Form](#)

Ultimate Parent: [052016 - Pan-American Life Mutual Holding Company](#)

A.M. Best Rating Unit: [069617 - Pan-American Life Ins Group](#)

Best's Credit Ratings:

Rating Effective Date: August 21, 2019

Best's Financial Strength Rating:	A	Outlook:	Stable	Action:	Affirmed
Best's Issuer Credit Rating:	a	Outlook:	Stable	Action:	Affirmed

Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
08/21/2019	A	Stable	Affirmed	a	Stable	Affirmed
09/21/2018	A	Stable	Affirmed	a	Stable	Affirmed
09/29/2017	A	Stable	Affirmed	a	Stable	Affirmed
09/29/2016	A	Stable	Upgraded	a	Stable	Upgraded
11/03/2015	A-	Positive	Affirmed	a-	Positive	Affirmed
06/04/2015	A-	Stable	Affirmed	a-	Stable	Affirmed

Rating Rationale:

Mutual Trust Life Insurance Company is a member of the Pan-American Life Insurance Group rating unit as it is a material part of the group's business strategy and shares its executive management and risk management capabilities.

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

Balance Sheet Strength: Very Strong

- Pan-American has the strongest level of risk-adjusted capitalization as indicated by the year-end 2018 BCAR.
- The organization's invested asset allocation is well balanced across industry sectors and primarily consists of fixed assets that are investment grade. Impairments have been modest historically.
- The organization utilizes reinsurance internally and externally as a key strategy for risk management, and counterparty risk is considered moderate.
- Pan-American, due to its international operations, is exposed to foreign currency-related risks in many of its key countries in the Latin American region due to regulatory requirements.

Operating Performance: Strong

- Pan-American continues to report favorable top- and bottom-line growth across its core lines of business with international life business consistently generating pre-tax operating earnings.
- The group has reported favorable mortality trends more recently across all of its reporting segments.
- The Pan-American organization is focused on expense efficiencies and the implementation of value-added administrative capabilities across the enterprise.

Business Profile: Neutral

- The group's operations are geographically diversified, with products marketed in the U.S., the Caribbean and Central/South America.
- Pan-American's operations are well diversified across lower-risk products lines that are distributed in the United States and throughout Latin American countries and surrounding areas.
- The organization has a seasoned and knowledgeable management team with proven succession planning in place.
- Pan-American has been challenged to grow in the United States where its core markets are most competitive.

Enterprise Risk Management: Appropriate

- Enterprise risk management (ERM) is a fully integrated component of business operations throughout the enterprise.
- The organization utilizes stated risk appetite measures and targets communicated through all layers of management.
- Pan-American maintains dedicated risk management staff at the overall group level as well as at the local country level.
- The group utilizes an ERM framework based on a "three lines of defense" governance structure.

Outlook

The stable outlooks reflect Pan-American's very strong balance sheet strength assessment and strong operating performance.

Rating Drivers

Negative rating action could occur if:

The group reports a sustained deterioration in Pan-American Life's total capital and/or risk-adjusted capitalization.

A negative rating action may occur if:

The group reports sustained deterioration in net operating performance.

Financial Statements:

Balance Sheet:

Balance Sheet:

Admitted Assets	Year End - December 31	
	2018 (\$000)	2017 (\$000)
Bonds	1,640,919	1,566,968
Preferred Stocks	7,857	1,620
Common Stocks	9,997	11,285
Mortgage Loans	25,136	50,436
Real Estate	6,653	7,146
Contract Loans	274,860	274,320
Cash & short-term Investments	11,348	15,987
Other Invested Assets	4,531	4,776
Premiums & Consideration Due	24,759	25,936
Investment income due & accrued	19,140	17,222
Other Assets	18,786	39,754
Total Assets	2,043,985	2,015,450

Liabilities & Surplus	Year End - December 31	
	2018 (\$000)	2017 (\$000)
Net policy reserves (see components below)	1,785,828	1,758,177
Liabilities for deposit type contracts	27,459	29,716
Policy Claims	3,557	5,721
Interest maintenance reserve	18,601	20,198
Commissions, taxes and expenses	6,304	6,791
Asset Valuation Reserve	14,312	14,259
Other Liabilities	35,024	35,553
Total Liabilities	1,891,085	1,870,417

YE 2018: Life \$1,618,844; annuities \$144,597; supplementary contracts with life contingencies \$13,207; accidental death benefits \$78; disability active lives \$3,052; disability disabled lives \$3,821; miscellaneous reserves \$2,229.

YE 2017: Life \$1,580,770; annuities \$153,624; supplementary contracts with life contingencies \$14,278; accidental death benefits \$84; disability active lives \$2,943; disability disabled lives \$4,180; miscellaneous reserves \$2,298.

Balance Sheet: (Continued...)**Balance Sheet: (Continued...)**

Capital & Surplus	Year End - December 31	
	2018 (\$000)	2017 (\$000)
Common Stock	2,500	2,500
Surplus Notes	30,000	30,000
Paid-in & Contributed Surplus	10,250	10,250
Special Surplus Funds	2,158	2,852
Unassigned Surplus	106,743	98,121
Other Surplus	1,249	1,310
Total Policyholders' Surplus	152,901	145,033
Total Liabilities & Surplus	2,043,985	2,015,450

Source: Bestlink - Best's Statement File - L/H, US

Company History:**Date Incorporated:** 12/05/1904**Date Commenced:** 04/14/1905**Domicile:** United States: Illinois

Originally incorporated as Scandia Life Insurance Company, in 1919 the name was changed to Mutual Trust Life Insurance Company. During 1999, the company converted to a mutual holding company.

In October 2015, Mutual Trust Holding Company and MTL Holdings, Inc., MTL Insurance Company's 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 now operates as a standalone subsidiary of PALIG.

Company Management:

Last significant update on 10/25/2018

Officers**CEO:** Bruce G. Parker**President and COO:** Geri M. Gaughan**SVP and Chief Marketing Officer:** Luke E. Cosme**SVP, Treasurer and CFO:** John D. Rosenkranz**SVP and Chief Actuary:** Narayan S. Shankar**Vice President and Chief Underwriting Officer:** Joel Jones**Vice President and Controller:** Christopher M. Lewis**Vice President:** Kathleen M. Biver (Information Technology)**Vice President:** Margaret M. Culkeen (Investment Operations)**Vice President:** Rod L. Gross (Internal Audit)**Vice President:** Rick L. Mabry (Corporate Tax)**Vice President:** Paula Mannon (Human Resources)**Vice President:** David H. McCaughey (Technical Services)**Vice President:** Stacy L. McWhorter (Life Operations)**Secretary:** Patrick C. Fraizer**General Counsel:** Daniel E. LaGrone

Company Management: (Continued...)

Directors

Stephen M. Batza
Jerry D. Carlisle
Geri M. Gaughan
Martha O. Hesse
Suzanne T. Mestaver
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

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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.

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