

A photograph of a man in a dark suit and light blue striped shirt, smiling broadly. To his left, a woman with blonde hair is partially visible, also smiling. The background is a blurred outdoor setting with trees and a building.

Financial Strength Benchmarking of **Disability Income Competitors**

The core financial strength of Ameritas Mutual Holding Company lies within its insurance companies. These include Ameritas Life Insurance Corp. (Ameritas Life) and Ameritas Life Insurance Corp. of New York (Ameritas Life of New York).

Delivering on our promises

As a mutual-based organization, we always put customers first. With our long-standing strength, we established a tradition of striving to deliver the very best in products and services generation after generation. Though we're proud of our ratings¹ from Standard & Poor's and A.M. Best Company, we measure our success by how many people we've helped. By how many promises we've kept. That's the true measure of who we are.

Competitor benchmarking

The following financial strength benchmarking of disability income insurance competitors is based on a comprehensive statutory basis of accounting (SAP) as of December 31, 2017. The source for the following information is S&P Global Market Intelligence (formerly known as SNL Financial). Ameritas Life and Ameritas Life of New York insurance company financials are available upon request by calling toll-free 1-800-745-1112. Ameritas Life Insurance Corp. is not licensed in New York. The information for Ameritas is for its life insurance companies on a group basis. Ameritas Mutual Holding Company itself is not an insurance company.

The Best's Rating Report and Standard & Poor's Full Analysis Report are available in the ratings section of ameritas.com.

A+

Standard & Poor's

A+ (Strong) for insurer financial strength. This is the fifth highest of Standard & Poor's 21 ratings assigned.

A

A.M. Best Company

A (Excellent) for insurer financial strength. This is the third highest of A.M. Best's 13 ratings assigned.

Disability income competitors

Berkshire – Berkshire Life Insurance Company of America

Guardian – Guardian Life Insurance Company of America (SNL Life Group)

Mass Mutual – Massachusetts Mutual Life Insurance Company (SNL Life Group)

Metropolitan – Metropolitan Life Insurance Co.

Northwestern Mutual – Northwestern Mutual Life Insurance Company (SNL Life Group)

Principal – Principal Financial Group Inc. (SNL Life Group)

Standard – Standard Insurance Company

Capital and surplus/assets ratio

The capital and surplus/assets ratio measures the cushion a company has against a decline in the value of its assets before its surplus is depleted. *Higher levels of capital and surplus relative to assets help support a company's operations and growth.* The statutory surplus levels of Ameritas Life and Ameritas Life of New York are above Standard & Poor's capital requirements at the 'AAA' rating level.² This represents extremely strong capital, which along with low levels of financial leverage, provides adequate financial flexibility to address unforeseen market conditions.

Mutual companies generally hold more capital as they do not have access to just-in-time capital like stock companies. A capital ratio of 11.3 percent means for every \$8.8 of general account assets Ameritas insurance companies hold on its balance sheet, we hold \$1.0 of capital as reserve. This compares to disability income insurance competitors having \$13.5 of assets with \$1.0 of capital held as reserve.

Disability Income Competitors	Capital & Surplus/Assets (%)
Ameritas	11.3%
Guardian	10.6%
Industry	9.2%
Northwestern Mutual	9.0%
Mass Mutual	8.9%
Principal	7.2%
Standard	7.0%
Berkshire	5.1%
Metropolitan	4.0%

Surplus notes/capital and surplus

Surplus notes are a form of debt for mutual insurance organizations. Ameritas insurance companies' surplus notes to capital and surplus ratio is considered conservative compared to several of the peer companies. Ameritas has one \$50 million long-term debt issue outstanding that matures in 2026, which represents approximately 3 percent of total capital and surplus.

Disability Income Competitors	Surplus Notes/ Capital & Surplus (%)
Berkshire	- %
Principal	- %
Ameritas	3.2%
Industry	8.2%
Metropolitan	10.6%
Northwestern Mutual	14.1%
Mass Mutual	14.4%
Guardian	17.9%
Standard	22.6%

Bond weightings

Bonds rated NAIC 1 to NAIC 6 are weighted by corresponding carrying value to calculate an overall rating for a given group of bonds. *The lower the value, the higher the quality of the bond portfolio.*

NAIC 1 and 2 ratings are considered investment grade and range from AAA to BBB-. Ameritas has a higher quality bond portfolio than the disability income competitor average. Ameritas' average rating equates to an "A-" rated bond portfolio. Why is this important? Ameritas' bond portfolio equaled 72 percent of total unaffiliated invested assets at December 31, 2017, and invested assets and cash equaled 96 percent of Ameritas' general account assets.

Disability Income Competitors	Weighted Average NAIC Bond Ratings
Principal	1.39
Metropolitan	1.44
Industry	1.47
Standard	1.48
Guardian	1.50
Northwestern Mutual	1.53
Ameritas	1.54
Berkshire	1.55
Mass Mutual	1.64

National Association of Insurance Commissioners bonds rated 3 through 6

Carrying value of bonds rated 3 through 6 (considered below investment grade with more risk) with certain characteristics as a percentage of total bonds as reported on SNL Schedule D Part 1A Section 1. *The lower the value, the higher the quality of the bond portfolio.* Ameritas has approximately 84 percent of the industry average exposure to high yield or junk bonds (4.8 percent compared to 5.7 percent for the industry).

Disability Income Competitors	Bonds Rated 3 to 6/Bonds (%)
Berkshire	4.2%
Guardian	4.5%
Principal	4.6%
Ameritas	4.8%
Industry	5.7%
Standard	6.9%
Metropolitan	8.7%
Northwestern Mutual	9.3%
Mass Mutual	9.8%

National Association of Insurance Commissioners bonds rated 5 and 6

These bonds are at the lowest end of the rating spectrum and are near or close to defaulting. Carrying value of bonds with a 5 (lowest quality not in or near default) or 6 (in or near default) rating as a percentage of capital and surplus. *The lower the percentage, the higher the quality of the bond portfolio.*

Disability Income Competitors	Bonds Rated 5 and 6/ Capital & Surplus (%)
Standard	0.3%
Ameritas	1.0%
Guardian	3.0%
Principal	3.1%
Industry	4.1%
Metropolitan	6.6%
Mass Mutual	9.6%
Northwestern Mutual	11.8%
Berkshire	19.8%



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¹ Ameritas Mutual Holding Company's ratings by Standard & Poor's and A.M. Best Company include Ameritas Life Insurance Corp. and Ameritas Life Insurance Corp. of New York.

² Standard & Poor's Research Update, March 16, 2018

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