

# Key Messages – A.M. Best & Other 2009 Rating Actions

4/24/09

## **Background:**

- On April 24, 2009, **A.M. Best** downgraded its rating for ING's U.S. insurance operations from (A+) – Superior to (A) – Excellent. A.M. Best also gave ING's U.S. insurance operations a negative outlook. The one-notch move applies to all of ING's U.S. insurance entities that it rates:
  - ING Life Insurance and Annuity Company
  - ING USA Annuity & Life Insurance Company
  - ReliaStar Life Insurance Company
  - ReliaStar Life Insurance Company of New York
  - Security Life of Denver Insurance Company
  
- On March 31, 2009, **Standard & Poor's (S&P)** downgraded its ratings for ING Groep N.V. and its banking and insurance operations, including its U.S. insurance companies, by one notch. S&P also kept its outlook for ING Groep N.V. (and its other operations) at Negative.
  - ING Groep N.V. from (AA-) to (A+)
  - ING Bank N.V. from (AA) to (AA-)
  - ING Verzekeringen N.V. from (AA-) to (A+)
  - U.S. Insurance operating entities from (AA) to (AA-)
  
- On April 14, 2009, S&P put ING's U.S. insurance companies on CreditWatch for a possible downgrade – pending a review of ING's recently announced global strategy.
  - As of today, ING's U.S. insurance operations S&P ratings have not changed.
  - S&P is reviewing ING's recently announced global strategy, which is why they announced the CreditWatch.
  - S&P's review will be completed in June.
  
- On January 28, 2009, **Fitch Ratings** downgraded its ratings for ING Groep N.V. and its banking and insurance operations, including its U.S. insurance companies. Fitch also kept its outlook for ING Groep N.V. (and its other operations) at Negative.
  - ING Groep N.V. from (AA-) to (A+)
  - ING Bank N.V. from (AA) to (AA-) – stable outlook
  - ING Verzekeringen N.V. from (AA-) to (A+)
  - U.S. Insurance operating entities from (AA) to (AA-)
  
- On January 28, 2009, **Moody's** downgraded its ratings for ING Groep N.V. and its banking and insurance operations, including its U.S. insurance companies. Moody's also moved its outlook for ING Groep N.V. (and its other operations) from Negative to Stable.
  - ING Groep N.V. (Aa3) to (A1)
  - ING Bank N.V. (Aa2) to (Aa3)
  - ING Verzekeringen N.V. (A1) to (A2)
  - US Insurance operating entities (Aa3) to (A1)

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- The 2009 ratings actions from **S&P, A.M. Best, Fitch, Moody's** apply to the following U.S. Insurance operating entities (not every U.S. insurance operating entity is rated by every rating agency):
  - ING America Insurance Holdings, Inc.
  - ING Life Insurance and Annuity Company
  - ING Life Insurance Company of America
  - ING USA Annuity & Life Insurance Company
  - ReliaStar Life Insurance Company
  - ReliaStar Life Insurance Company of New York
  - Security Life of Denver Insurance Company

**Key summary messages for A.M. Best and S&P:**

- On April 24, A.M. Best downgraded its ratings for ING's U.S. insurance operations from (A+) – Superior to (A) – Excellent – the 3<sup>rd</sup> highest rating of 15.
- On March 31, 2009, Standard & Poor's (S&P) downgraded its ratings for ING Groep N.V. and its banking and insurance operations, including its U.S. insurance companies, by one notch (AA-). S&P also kept its outlook for ING Groep N.V. (and its other operations) at Negative – the 4<sup>th</sup> highest of 20.
- On April 14, 2009, S&P put ING's U.S. insurance companies on CreditWatch for a possible downgrade pending a review of ING's recently announced global strategy.
  - As of today, ING's U.S. insurance operations S&P ratings have not changed.
  - S&P is reviewing ING's recently announced global strategy, which is why they announced the CreditWatch.
  - S&P's review will be completed in June.
- A.M. Best's and S&P's decisions reflect their broader view of how the financial services industry is being challenged by the current economic environment.
- Following several months of steady reviews and ratings revisions, all financial services companies are aware – and have adjusted – to the reality that rating agencies are actively realigning their financial strength ratings with the current environment.
- Over the past several months, the ratings agencies have downgraded many U.S. insurance companies with several more downgrades expected in the weeks ahead.
- The downgrades do not impact ING's ability to meet its obligations to customers. ING remains financially strong and keenly focused on its customers' financial goals and objectives.
- The current economic climate has been challenging for ALL financial services companies. To that end, it is important to maintain a collective view of ING's ratings, rather than interpret any single rating in isolation. Overall, ING's financial strength ratings remain among the strongest in the industry and in-line with the majority of our competitors.

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- Insurance companies and rating agencies are operating in an unprecedented environment today that has required rapid re-adjustments of the ratings landscape.
- Insurance companies and rating agencies alike are facing enormous pressure to ensure that customers have a clear picture of a company's financial strength. Therefore, it is important to keep day-to-day ratings actions in perspective. While still important, they are one piece of information that should be carefully factored into any viewpoint about a company's financial strength.

**Key summary messages from all 2009 ratings actions:**

- In light of the headwinds facing the entire financial services industry in the U.S. and across the globe, we are not surprised by the changes ING's U.S. Insurance operations received from the rating agencies.
- It is important to view the downgrades in the broader context of how the financial services industry is being challenged by the current economic environment. These are uncertain times and the rating agencies' actions across the industry reflect the challenging environment companies are facing.
- The ratings actions are consistent with the messages their respective organizations have been delivering to the marketplace for the past several months – that they were going to actively realign their ratings with the challenging environment.
- Over the past several months, ING Groep N.V. has taken proactive steps to reduce its risk profile, fortify its capital position, and manage expenses – however, we understand the rationale behind the rating agencies' ongoing review of the industry.
- In response to weakening global markets, the rating agencies have been continuously re-evaluating their ratings of banks and insurance companies around the world. Over the past several months, the rating agencies have adjusted their outlook of the financial services industry overall downward, while reviewing the individual ratings they give to specific entities.
- To counter the implications of the persistently challenging economic and market conditions, ING is adopting several proactive measures to reduce risk and expenses, to increase focus on its core strengths, and to better align the organization with the new business environment. While the economic outlook remains uncertain, ING believes that it was prudent to take these major steps to make ING stronger and positioned better to manage through this challenging environment.
- Collectively, the four key agencies rate the financial strength of ING's U.S. insurance operations squarely within the top quartile of all U.S. insurance companies.
  - Fitch: (AA-) – Very Strong – 4<sup>th</sup> highest of 19 categories
  - S&P: (AA-) – Very Strong – 4<sup>th</sup> highest of 20
  - A.M. Best: (A) – Excellent – 3<sup>rd</sup> highest of 15
  - Moody's: (A1) – Good – 5<sup>th</sup> highest of 21

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**A.M. Best Disclosure:** A (Excellent) is the 3rd highest of 15 ratings. A.M. Best Company assigns ratings from A++ to F based on a company's financial strength and ability to meet obligations to contract holders.

**Fitch Disclosure:** AA- (Very Strong) is the 4th highest of 19 ratings. Fitch assigns ratings from AAA to C based on company's financial strength.

**Moody's Investor Services Disclosure:** A1 (Good) is the 5th highest of 21 ratings. Moody's Investor Service (Moody's) assigns ratings from Aaa to C based on a company's financial security.

**Standard & Poor's Disclosure:** AA- (Very Strong) is the 4th highest of 20 ratings. Standard & Poor's assigns ratings from AAA to CC based on a company's financial security.

Independent rating services evaluate insurance company financial strength. The ratings relate to an insurance company's ability to meet its claims and guarantees. The ratings do not apply to the safety or performance of any specific insurance product or any obligations of the [separate account/variable investment option/mutual fund]. The ratings are as of 4/24/2009 and are subject to change.

All guarantees are based on the financial strength and claims paying ability of the issuing insurance company, who is solely responsible for all obligations under its policies.

You should consider the investment objectives, risks, and charges and expenses of the variable insurance product and its underlying investment options or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/prospectus summaries/information booklets containing this and other information can be obtained by contacting your local representative. Please read the information carefully before investing.

Variable investments, of any kind, are not guaranteed and are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, may be worth more or less than the original investment. In addition, there is no guarantee that any variable investment option will meet its stated objective.

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