

A.M. Best affirms MassMutual's "superior" rating, keeps The Hartford "under review"

By Editor Test *Sat, Sep 8, 2012*

Combined, the two retirement plans businesses will result in 3 million participants and \$120 billion in retirement assets under management.

The financial strength, issuer credit and debt ratings of Massachusetts Mutual Life Insurance Co. and its subsidiaries remains stable since its announcement of a definitive agreement to purchase The Hartford Financial Services Group's retirement plans business for \$400 million, A.M. Best said in a release.

A.M. Best said it views the acquisition "favorably" because it brings "additional scale to MassMutual's existing retirement business, especially in the small-to mid-sized case market." MassMutual is rated A++ (superior) for financial strength and has an aa+ long-term issuer credit rating.

But A.M. Best said the credit ratings of The Hartford will remain "under review with developing implications." The Hartford has a "bbb+ u" long-term issuer credit rating. The bbb+ signifies a "good" and "investment grade" credit rating. The "u" signifies "under review."

Combined, the two retirement plans businesses will result in 3 million participants and \$120 billion in retirement AUM. MassMutual is expected to finance the transaction internally. The transaction is not expected to materially impact MassMutual's strong risk-adjusted capitalization ratios. Following some integration and infrastructure expenses, the acquired business is expected to be accretive to earnings beginning in the second year after its acquisition.

In a release, A.M. Best said, "The announced transaction remains consistent with The Hartford's strategy to focus on its property/casualty group benefits and mutual funds businesses as outlined by management in early 2012.

"Upon the close of the announced sales of Woodbury Financial Services and its retirement plans business as well as the previously announced intention to sell its individual life business, The Hartford will have successfully executed its announced restructuring and will move forward with a strategy centered on its core strengths.

"A.M. Best believes that the basis for the under review status remains intact as the retirement plans transaction itself does not have a significant impact on The Hartford's overall financial condition.

"A.M. Best will continue to monitor developments regarding The Hartford's restructuring and discuss with company management its future capital plans, including any deployment of proceeds from the sales of non-core businesses, to facilitate removing its ratings from under review.