Guardian Life Insurance Company of America

And Subsidiary
Full Rating Report

Ratings

Long-Term Issuer Default Rating	AA
Insurer Financial Strength (IFS)	AA+
Surplus Notes	AA–

Guardian Insurance & Annuity Co., Inc.
Berkshire Life Insurance Company of America

IFS	AA+

Rating Outlook
Stable

Statutory Financial Data
Guardian Life Insurance Co. of America

($ Mil.)	12/31/15	12/31/16
Net Income	398	258
Net Operating Gain	543	514
Total Adjusted Capital	7,358	7,470
RBC Ratio (%)	568	552

Source: SNL Financial.

Related Research
Fitch Affirms Guardian's IFS Ratings at 'AA+'; Outlook Stable (March 2017)

Fitch Rates Guardian's Surplus Note Issue 'AA–' (January 2017)

2017 Outlook: U.S. Life Insurance (Macroeconomic Headwinds Persist) (November 2016)

Fitch: Sector Outlook on U.S. Life Insurers Revised to Negative (September 2016)

U.S. Life Insurers' Investment Portfolios (Results of Fitch's Year-End 2015 Survey) (September 2016)

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Key Rating Drivers

Strong Balance Sheet: Guardian Life Insurance Company of America's strong balance sheet fundamentals includes extremely strong statutory capitalization, with year-end 2016 RBC at 552%; a Prism capital model score of 'Extremely Strong'; and low operating leverage at 7x. Guardian's surplus notes to total adjusted capital (TAC) is on the high end of expectations at slightly above 15% on a pro forma basis, including the surplus notes issued in January 2017, but is expected to fall back below 15% over the next 12 months.

Core Products Strong: Guardian maintains a strong position at the high end of its core ordinary life market and top-tier positions in group dental, disability and life markets. The company results are driven by individual life, primarily recurring premium participating whole life, individual and group disability, as well as group life and dental.

Favorable Operating Profile: Fitch Ratings views Guardian's liability profile as stable and product profile as relatively conservative, with limited exposures to more capital-intensive and market-sensitive products. Fitch also considers Guardian's revenue and earnings streams to be relatively stable and of high quality.

Improved Operating Performance: Guardian's operating performance for full-year 2016 improved over the prior year due to strong results in individual life, disability and group insurance. Guardian's operating return relative to assets of approximately 0.9% and return on capital of approximately 6.9% are modest on an absolute basis, but are favorable on a risk-adjusted basis and compare favorably with other highly rated mutual peers.

High-quality and Conservative Investments: Guardian's investment portfolio is considered conservative and generated solid investment performance with credit-related impairments well within expectations. Guardian's risky asset ratio of 57% at year-end 2016 was well below average for its highly rated mutual peer group and also well below the life industry as a whole. Fitch expects credit impairments to increase somewhat in 2017, but remain below long-term averages.

Macroeconomic Uncertainty: Ongoing low interest rates and geopolitical uncertainty pose risks to Fitch's outlook for life insurers and could have a material negative effect on Guardian's earnings and capital in a severe, albeit unexpected, scenario. Fitch considers Guardian to have below-average exposure to low interest rates.

Rating Sensitivities

Downgrade Triggers: Key rating drivers that could lead to a downgrade include a significant decline in TAC, an RBC ratio below 450%, or a Prism capital model score that fails to be solidly within the 'Extremely Strong' category; statutory earnings interest coverage below 6x; a deterioration in disability claims experience; and/or regulatory or tax law changes that hurt the company's position in its primary whole life market. Fitch could downgrade Guardian's surplus notes if the ratio of surplus notes to TAC exceeds 15% on a sustained basis.

Upgrade Triggers: Fitch does not anticipate an upgrade at this time given the company's more-limited operating profile and scale versus peers rated 'AAA'.

Business Profile

Favorable Operating Profile

- Relatively conservative operating model.
- Strong position in chosen markets.
- Recent acquisitions enhance fee-based earnings in group insurance.

Relatively Conservative Operating Model

Guardian maintains a top-tier position within its three core market segments — individual whole life insurance, individual and group disability, and group life and dental insurance. Fitch believes Guardian is focused on prudent growth of its core insurance businesses as well as growth of fee-based businesses that offer services that are complementary to its group insurance business. Fitch considers Guardian group to be on the lower end of the large range in terms of business profile due to its size and scale relative to other highly rated mutual peers.

Fitch views Guardian's product profile as relatively conservative, with limited exposures to more risky, market-sensitive products such as variable annuities (VAs) with guaranteed living benefits, long-term care and universal life with secondary guarantees. Fitch views the Guardian group's operating profile as consistent with 'AA' rating expectations.

Strong Position in Chosen Markets

Guardian is a leading provider of whole life and individual disability income insurance products, operating at the high end of the affluent and small business market. The whole life and individual disability products are distributed primarily through the career agency channel. The company also distributes a moderate amount of fixed annuities and VAs through retail channels.

Guardian's group operations provide diversification and are significant contributors to the company's overall results. Guardian has a strong position selling group life, dental insurance, and disability to small and midsize employer groups, with products designed for the average employee. These nonmedical products are distributed through wholesalers that have strong broker relationships nationwide.

Ratings Range Based on Business Profile

Recent Acquisitions Increase Fee-Based Earnings in Group Insurance

Over the last several years, Guardian had several small to moderate scale acquisitions of businesses whose products or clients are complementary to Guardian's existing group insurance business. The acquisitions incrementally increased the company's non-insurance fee-based earnings in 2014–2016.

Related Criteria

Insurance Rating Methodology (September 2016)

Guardian's acquisition of Premier Access, a dental coverage and care provider, and subsequent bolt-on acquisitions of dental service providers strengthened Guardian's dental networks in several states and provided the company access to additional exchanges. Similarly, the company's 2013 acquisition of Reed Group, an absence management service, and of the absence management administration business of Aon Hewitt in 2015 allowed Guardian to offer complementary fee-based services to its group disability product.

Guardian's 2016 acquisition of Avesis, a government contract provider of vision, dental and hearing benefits, strengthened the company's existing government programs business and increased its ability to service government clients.

While Guardian acquired fee-based businesses to strengthen its group insurance business over the last several years, the company also sold a number of businesses over 2015 and 2016 including: eMoney, a wealth planning software company; RS investments, an asset management business; and its 401(k) plan recordkeeping and administration business.

Corporate Governance and Management

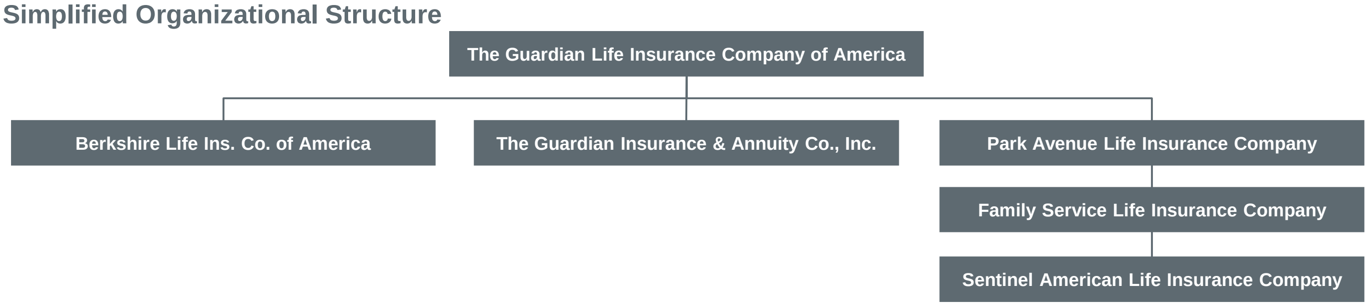
Corporate governance and management are adequate and neutral to the rating. Eleven of 12 board members are independent. PricewaterhouseCoopers is Guardian's auditor and the audit opinion as it relates to the company's statutory statements for 2016 was unqualified.

Guardian Life Insurance Co. of America and its subsidiaries together operate under a mutual company charter and are owned by the policyholders.

Ownership Is Neutral to Rating

Guardian is a mutually owned insurance company, which Fitch views as neutral from a ratings perspective. Fitch believes that Guardian's mutual company structure has generally allowed management to hold more conservative levels of capital and pursue a more conservative operating strategy. During the 2008–2009 financial crisis, Guardian and other strongly capitalized mutual companies clearly benefited from having stronger capital buffers than many stock peers that were more focused on growth and return targets. Conversely, mutual insurance organizations have more limited access to the capital markets than stock-owned companies.

Simplified Organizational Structure



Source: Company Schedule Y filing.

Industry Profile and Operating Environment

Sovereign- and Country-Related Constraints

Fitch rates the sovereign obligations of the United States of America at 'AAA' with a Stable Outlook, and the Country Ceiling is similarly 'AAA'.

The local currency sovereign rating expresses the maximum limit for local currency ratings of most, but not all, issuers in a given country. At current levels, the ratings of U.S. insurance organizations and other corporate issuers are not likely to be constrained by sovereign or macroeconomic risks.

Strong Balance Sheet Characteristics Mitigate Low Rate Impact

A majority of U.S. life insurers in Fitch's rated universe have Insurer Financial Strength (IFS) ratings in the 'AA' and 'A' categories and Stable rating Outlooks. This reflects very strong balance sheet fundamentals and generally stable operating performance. Balance sheets reflect very strong capital and liquidity, reasonable financial leverage and high-quality investment portfolios. The industry's profitability benefited in recent years from improved asset-based fee income associated with higher asset levels, partially offset by lower interest margins and one-time reserve charges due to continued low interest rates.

Our negative sector outlook on the U.S. life insurance industry is based on concern over macroeconomic challenges and uncertainties, which are expected to negatively affect underlying fundamental trends in the industry.

Key risk factors include persistent low interest rates, asset risk tied to investment leverage, exposure to VA living benefit guarantees, and uncertainty tied to macroeconomic conditions and regulatory environment. The low interest rate scenario is a negative across all life insurers due to industry exposure to interest-sensitive products and investment concentration in fixed-income securities. While new business repricing, product redesign and enhanced hedging strategies have reduced the risk associated with the industry's large VA exposure, industry earnings and capital remain exposed to financial market volatility and uncertain policyholder behavior.

Cyclical improvement in the U.S. economy, strong recovery in the equity markets and a benign credit environment combined to mitigate the impact of prolonged low interest rates in recent years. Under Fitch's base case scenario, the U.S. macroeconomic environment is expected to modestly improve in 2017, which should allow life insurers to maintain balance sheet fundamentals and financial performance consistent with 2016. Credit-related investment losses are expected to increase somewhat in 2017, but remain below long-term averages.

Uncertainty over aspects of U.S. policy in light of the new administration is expected to persist for some period. President Trump appears inclined to ease regulation, including the Dodd-Frank Act, which could be positive for the industry.

Ratings Range Based on Industry Profile/Operating Environment

Peer Analysis

Strong Balance Sheet and Earnings Metrics Compare Favorably with Peers

Fitch views Guardian as belonging to a highly rated mutual company peer group whose ratings are based primarily on exceptional balance sheet strength. All of the companies in this peer group benefit from longer term liabilities and the flexibility to invest longer and adjust dividends, if necessary, to strengthen earnings. Guardian is on the higher end of its peers with respect to both capitalization and earnings metrics, but on the lower end in terms of absolute size. Guardian’s investment strategy is conservative, with a risky asset ratio well below the peer group average. Both Guardian and Northwestern Mutual Life Insurance Company are viewed to have below-average exposure to interest rates with respect to their product profiles relative to other mutual peers. Finally, Guardian’s operating leverage is low relative to peers while statutory financial leverage is on the high end of its peer group.

Peer Comparison

(As of Dec. 31, 2016)	IFS Rating	RBC Ratio (%)	TAC ($ Mil.)	Assets/ TAC (x)	Operating Leverage (x)	Risky Assets/ TAC (%)	Surplus Notes/ TAC (%)	Pretax Return on Total Assets Post-Dividend (%)	Operating Return on TAC (%)
Guardian	AA+	552	7,470	10	7	57	11	0.9	6.9
Massachusetts Mutual	AA+	459	17,276	14	9	102	13	0.0	1.6
Western and Southern	AA	528	5,843	7	5	94	6	0.8	4.0
Northwestern Mutual Life	AAA	614	26,279	10	8	115	7	0.4	3.9
New York Life	AAA	550	23,524	13	10	96	9	0.6	6.5

IFS – Insurer Financial Strength. TAC – Total adjusted capital. Note: Operating leverage consists of general account liabilities/TAC.U.S. Statutory accounting.
Source: SNL Financial, Fitch Ratings.

Capitalization and Leverage

($ Mil.)	2012	2013	2014	2015	2016
Total Adjusted Capital (TAC)	5,804	6,133	6,886	7,358	7,470
RBC (%)	470	499	527	568	552
Asset Leverage (x)	9	10	9	9	10
Operating Leverage	6	7	7	7	7
Surplus Notes to TAC (%)	7	6	12	12	11

Note: Statutory accounting principles.
Source: SNL Financial, Fitch Ratings.

Fitch's Expectation

Fitch expects Guardian to maintain extremely strong capitalization with RBC above 500% in the intermediate term. Operating leverage is expected to remain low at around 7.0x.

Very Strong Balance Sheet

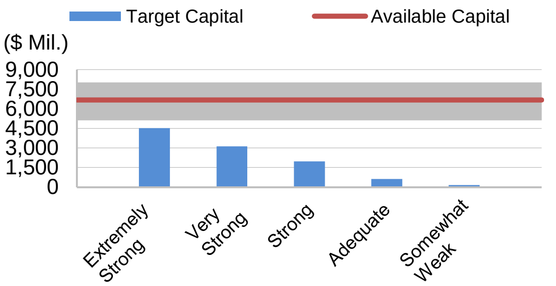
- Extremely strong capitalization.
- Statutory financial leverage is on high end relative to peers.
- Low operating leverage.

Extremely Strong Capitalization

Guardian's exceptionally strong balance sheet fundamentals include strong statutory capitalization, low asset and operating leverage, and a Prism capital model score of 'Extremely Strong'. Guardian's RBC ratio was 552% as of Dec. 31, 2016, which is well above its 500%–525% target range.

Fitch views Guardian's consistent profitability from the large block of participating whole life, disability, and group insurance as key drivers of the company's consistent growth in capital.

2015 Prism Score — Guardian Life Insurance Company of America



Note: Red line is available capital base; shaded area represents the high and low of AC due primarily to the asset valuation reserve and unrealized bond gains/(losses).
Source: Fitch Ratings, S&P Global.

Guardian's quality of capital declined over the last few years due to the company's increased use of surplus notes. However, Fitch notes that Guardian does not use captives to finance redundant reserves and has limited use of third-party reinsurance, which offsets the company's increased use of surplus notes.

The total financing and commitments (TFC) ratio is a nonrisk-based leverage measure that expands on traditional measures of financial leverage to include all forms of debt, including match-funded and other operational debt, as well as debt supporting long-term capital needs, and liquidity and working capital needs. During periods of market disruptions and lost access to capital markets funding, such operational and off-balance sheet commitments can become a direct source of vulnerability to an organization.

Statutory Financial Leverage Is on High End Relative to Peers

Fitch considers Guardian's statutory financial leverage to be on the high end of highly rated mutual peers. Guardian's surplus notes-to-TAC ratio was slightly above 15% on a pro forma basis as of Dec. 31, 2016, which includes $400 million of 2009 surplus notes, $450 million of 2014 surplus notes and $350 million of surplus notes issued in January 2017. While this percentage exceeds Fitch's trigger for expanded notching of the surplus note, Fitch believes this is temporary, and statutory financial leverage will fall back below 15% in the next 12 months due to growth in surplus from retained earnings.

Low Operating Leverage

Guardian's operating leverage, which evaluates the amount of statutory capital supporting total adjusted statutory general account liabilities, is very low at year-end 2016. Guardian's asset leverage is also low due to the company's relatively moderate amount of annuity business. The company's total financing and commitments (TFC) ratio remains among one of the lowest in the Fitch universe at 0.2x. The company is not faced with significant funding requirements related to Regulation XXX and AXXX due to its emphasis on participating whole life insurance.

Debt Service Capabilities and Financial Flexibility

	2012	2013	2014	2015	2016	Fitch's Expectation
Interest Expense ($ Mil.)	30	30	41	51	51	Fitch expects Guardian to continue to generate earnings well in excess of interest expense over the medium term. Fitch expects statutory earnings interest coverage to be in the range of 10x–12x in 2017 given increased interest expense from surplus note issuance.
Statutory Earnings Interest Coverage (x)	14	16	13	13	13	

Note: Statutory earnings interest coverage is pretax gain from operations plus interest expense divided by interest expense.
Source: SNL Financial, Fitch Ratings.

Very Strong Debt-Servicing Capabilities and Financial Flexibility

- Statutory earnings provide very strong interest coverage.
- Significant earnings flexibility from policyholder dividends.
- Limited capital market flexibility.

Statutory Earnings Provide Very Strong Interest Coverage

Guardian's earnings-based interest coverage metrics are very strong and in line with rating expectations. Statutory earnings interest coverage was 13x for 2016, a slight increase from prior-year levels due to improved pretax operating gain from operations. Fitch expects statutory earnings interest coverage to decline to 10x–12x in 2017 given higher interest expense from the surplus notes issued this year. In practice, Guardian's ability to service outstanding debt is supported by the liquidity of the entire general account and is not constrained by statutory dividend restrictions typically associated with debt issued out of a parent holding company.

Significant Earnings Flexibility from Policyholder Dividends

Fitch views Guardian as having significant financial flexibility through its ability to adjust its policyholder dividend to strengthen earnings and capital when needed. Participating whole life insurance policies represent about 85% of the company's life reserves. The group's strong operating cash flows and stable liability structure further enhance its financial flexibility. Guardian continues to generate around $900 million of consolidated statutory operating earnings from its whole life policies pretax and predividend, and paid out around $800 million in policyholder dividends per year for the past few years.

Limited Capital Market Flexibility

As a mutual company, Guardian's capital-raising flexibility is somewhat limited due to its inability to issue common equity. However, capital market flexibility does exist, as the company was able to issue surplus notes, most recently in 2017. Given current statutory financial leverage is slightly above 15%, Guardian does not have additional capacity for any net increases to surplus notes outstanding before exceeding rating guidelines.

Guardian has a funding agreement-backed medium-term note program that it uses for spread-lending purposes. Fitch views the $3.0 billion medium-term note program to be credit neutral to the rating. The notes are issued by Guardian Life Global Funding, which is ultimately backed by funding agreements issued by the main operating entity, Guardian Life Insurance Company of America.

Financial Performance and Earnings

($ Mil.)	2012	2013	2014	2015	2016	Fitch's Expectation
Pretax Net Gain from Operations	387	436	499	604	628	Fitch expects the company's whole life block to continue to drive stable earnings. Operating returns on capital are expected to be 6%–8%.
Net Income	270	272	413	398	258	
Pretax ROA (%)	0.8	0.8	0.8	0.9	0.9	
Operating Return on Total Adjusted Capital (%)	5.8	6.4	6.2	7.6	6.9	

Note: Statutory accounting principles. Pretax net gain from operations is post-dividend. ROA is pretax net gain from operations in relation to total average statutory admitted assets.
Source: SNL Financial, Fitch Ratings.

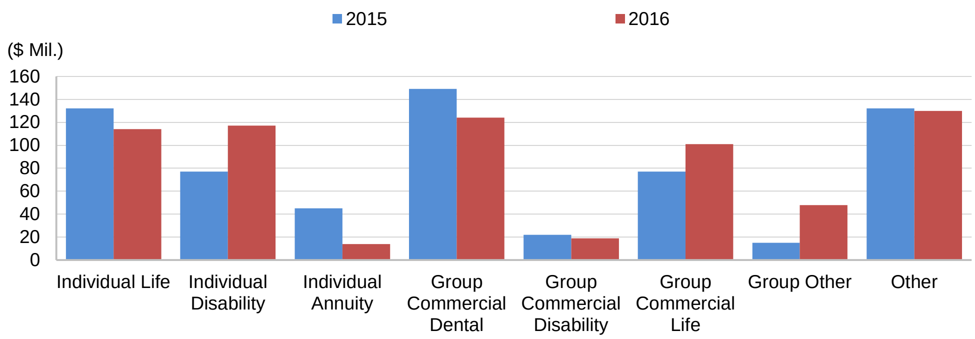
Very Stable Operating Earnings over Time

- Improved earnings for full-year 2016.
- Participating whole life is a primary driver of earnings.
- Group and disability segment earnings provide diversification.

Improved Earnings for Full-Year 2016

Guardian's pretax operating performance improved for full-year 2016 over prior-year levels primarily due to strong performance in the company's core segments, including individual life, disability and group insurance segments. Top-line sales and premium growth across the core businesses contributed to the improvement in pretax operating earnings, which was partially offset by a decline in sales from individual annuities. Guardian's operating return relative to assets of approximately 0.9% and return on capital of approximately 6.9% are modest on an absolute basis compared with returns for the life insurance industry, but are favorable on a risk-adjusted basis and compare favorably with other highly rated mutual peers.

Pretax Operating Earnings by Segment



Source: Company reports.

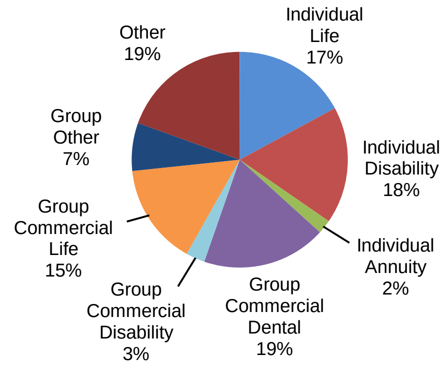
Participating Whole Life Is a Primary Driver of Earnings

Recurring premium participating whole life policies, which account for approximately 85% of in-force life reserves, are the primary earnings driver for Guardian. Mortality and persistency experience were within pricing expectations and were favorable in 2016. The decline in individual life earnings in 2016 relative to 2015 was due to less favorable mortality and lower reserve releases. Guardian is not faced with significant statutory reserve increases related to Regulation XXX and AXXX as sales of term and universal life with secondary guarantees were modest.

Group and Disability Segment Earnings Provide Diversification

Guardian's earnings are well diversified between the three core business segments: individual life, disability and group insurance. While Guardian's individual life provides approximately 17% of operating earnings, Guardian's group (life and dental) businesses accounted for 34% and disability (individual and group) accounted for 21% of operating earnings in 2016. Both group and disability segments provide sources of income that are less sensitive to interest rate levels and capital markets. The balance of earnings is made up of investment income on corporate surplus and, to a smaller extent, earnings from the fee-based businesses primarily in the group segment that were more recently acquired or started by the company.

2016 Pretax Operating Earnings
(Total = $667 Mil.)



Note: Group Other includes government plans, absence management and dental centers. Other includes earnings from RS Investments, 401(k) and earnings on corporate surplus.
Source: Company reports.

Investment and Asset Risk

	2012	2013	2014	2015	2016	Fitch's Expectation
Cash and Invested Assets ($ Mil.)	40,351	43,212	46,742	49,705	53,877	Fitch expects Guardian's risky asset ratio to remain relatively stable with lower allocations to below investment-grade bonds and higher allocations to public common stocks and private equity.
BIG Bonds/Total Adjusted Capital (%)	33	35	33	31	36	
Risky Assets Ratio (%)	69	66	62	56	57	
Investment Yield (%)	5.3	5.0	4.8	4.8	4.7	

BIG – Below investment grade. Note: Statutory accounting principles. Risky assets ratio is the sum of below investment-grade bonds + unaffiliated common stock + troubled real estate + Schedule BA divided by TAC.
Source: SNL Financial, Fitch Ratings.

Relatively Conservative Investment Strategy

- Solid investment performance.
- Below-average risky asset ratio.
- Overweight 'BBB' bonds.

Solid Investment Performance

Guardian's investment portfolio generated solid investment performance and relatively low credit-related impairments. Credit-related impairments in 2016 were slightly higher than the nominal amount in 2015 and remained well within the historical range of the last five years. Fitch expects credit impairments to increase somewhat in 2017, but will ultimately remain below long-term averages. Guardian's primary exposure is in U.S. corporates, which is well diversified, with some exposure to commercial mortgages and modest exposure to structured securities, real estate and alternative investments.

Below-Average Risky Asset Ratio

Guardian's risky asset ratio (measured as the ratio of below investment-grade bonds, common stocks, Schedule BA other invested assets, and commercial mortgage loans rated CM3–CM5 over TAC) was 57% as of Dec. 31, 2016, which was well below average for its highly rated mutual peer group and below the life industry average. The lower risky assets ratio was partially due to strong capitalization as well as below-average exposure to below investment-grade bonds as a percentage of TAC and exposure to more conservative asset classes (below-average exposure to commercial mortgage loans and structured bonds) relative to the industry.

Overweight 'BBB' Bonds

Overall bond quality is very good, with approximately 6.1% of bonds below investment grade at Dec. 31, 2016. However, the investment-grade bond portfolio has a higher allocation to securities rated 'BBB' (41.5% of the portfolio at Dec. 31, 2016) relative to the industry average, making it potentially more vulnerable to downgrade risk into below investment grade in a declining economic environment. Guardian's strategy is to use its investment experience to analyze credit risk and pick up additional yield at this rating level.

Asset/Liability and Liquidity Management

	2012	2013	2014	2015	2016	Fitch's Expectation
Liquidity Ratio (%)	67	64	64	63	65	Fitch expects Guardian to maintain below-average exposure to disintermediation risk to generate strong net operating cash flows over the medium term.
Operating Cash Flow Coverage (x)	1.3	1.3	1.4	1.3	1.4	
Total Adjusted Liabilities and Deposits ($ Mil.)	47,327	54,182	57,938	60,547	65,204	

Note: Statutory accounting principles.
Source: SNL Financial, Fitch Ratings.

Limited ALM Risk

- Lower risk product profile.
- Modest exposure to VA guarantees.
- Strong operating cash flows.

Lower Risk Product Profile

Guardian has a relatively low-risk liability profile. Individual life insurance accounts for the vast majority of consolidated general account reserves while the company is underweight in more interest-sensitive annuity reserves. Fitch views the primary product, participating whole life, as relatively low risk, given the long-duration participating liabilities, limited disintermediation risk and very limited guarantee provisions. The ability to adjust policyholder dividends every year also provides the company with significant financial flexibility.

Modest Exposure to VA Guarantees

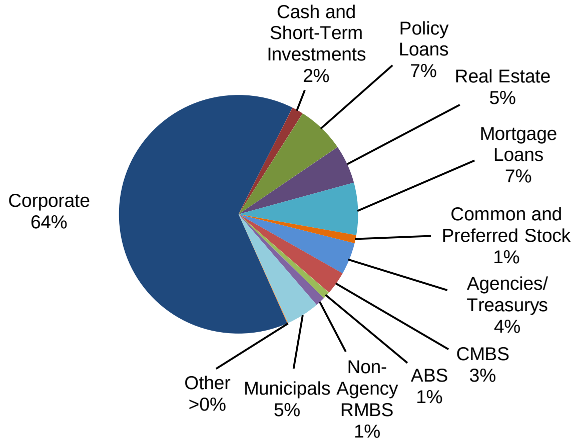
Guardian has about $10.2 billion in VA account values, including both general account and separate account reserves at Dec. 31, 2016. Fitch does not view the company's very modest exposure to the more complex living and death benefit guarantees as a credit issue. The majority of these guarantees are either hedged or reinsured. The company announced that it would no longer manufacture VAs with living benefit guarantees after first-quarter 2017 given the economic environment, pending regulatory change, and the company's limited risk appetite for the product.

Strong Operating Cash Flows

Guardian maintains strong operating cash flow, driven by the strong persistency of its large block of participating whole life business. The group's stable liability profile allows for investment in longer term, less liquid assets, although Fitch believes Guardian has strong liquidity in relation to demand liabilities.

Appendix A: Additional Financial Exhibits

Guardian Investment Portfolio
(As of Dec. 31, 2016)



CMBS – Commercial mortgage-backed securities.
RMBS – Residential mortgage-backed securities.
Source: Guardian.

Appendix B: Other Rating Considerations

Below is a summary of additional rating considerations of a "technical" nature that are also part of Fitch's rating criteria.

Group IFS Rating Approach

Guardian Life Insurance Company of America is the lead operating entity of the group. Its wholly owned subsidiaries, Guardian Insurance and Annuity Co. (GIA) and Berkshire Life Insurance Company of America (BLICA), are viewed by Fitch as Core due to their strategic fit for Guardian with regards to product diversification and its ability and track record of supporting subsidiary operations. BLICA's primary business is the sale and administration of Guardian's disability income. BLICA writes new individual disability insurance products through Guardian's career agency system and other sources. GIA writes predominantly Guardian's annuity products, which includes fixed annuity and VA business.

Notching

For notching purposes, the regulatory environment of U.S. is assessed by Fitch as being Effective and classified as following a Ring-Fencing approach.

Notching Summary

IFS Ratings

A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the operating company IDR.

Hybrids

For surplus notes issued by Guardian Life Insurance Company of America, a baseline recovery assumption of Below Average and a nonperformance risk assessment of Minimal were used. Standard notching was applied relative to the IDR, which was based on one notch for recovery and zero notches for nonperformance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.

Short-Term Ratings

Not applicable.

Hybrids — Equity/Debt Treatment

Hybrids Treatment

Hybrid	Amount ($ Mil.)	CAR Fitch (%)	CAR Reg. Override (%)	FLR Debt (%)
7.375% Surplus Notes due 2039	400	0	100	100
4.875% Surplus Notes due 2064	450	0	100	100
4.850% Surplus Notes due 2077	350	0	100	100

CAR – Capitalization ratio. FLR – Financial leverage ratio. Note: For CAR, % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override. For FRL, % shows portion of hybrid value included as debt in numerator of leverage ratio.

Recovery Analysis and Recovery Ratings

Not applicable.

Exceptions to Criteria/Ratings Limitations

None.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.