

October 27, 2009

Ratings Actions Talking Points

Ratings Actions:

- On October 26, 2009, **Standard & Poor's (S&P)** AFFIRMED the ratings of ING Groep N.V.'s ("ING" or "ING Group") U.S. Insurance operating entities; however, S&P also assigned a negative outlook to:
 - ING USA Annuity and Life Insurance Company (A+)
 - ING Life Insurance and Annuity Company (A+)
 - ReliaStar Life Insurance Company (A+)
 - ReliaStar Life Insurance Company of New York (A+)
 - Security Life of Denver Insurance Company (A+)
 - Americas Insurance Holdings from (A) to BBB+
- On October 27, 2009, **Fitch** downgraded ING's U.S. Insurance operating entities by one notch and assigned a negative outlook.
 - ING USA Annuity and Life Insurance Company from (A) to (A-)
 - ING Life Insurance and Annuity Company from (A) to (A-)
 - ReliaStar Life Insurance Company from (A) to (A-)
 - ReliaStar Life Insurance Company of New York from (A) to (A-)
 - Security Life of Denver Insurance Company from (A) to (A-)
- On October 27, 2009, **Moody's** downgraded ING's U.S. Insurance operating entities by one notch and assigned a negative outlook.
 - ING USA Annuity and Life Insurance Company from (A1) to (A2)
 - ING Life Insurance and Annuity Company from (A1) to (A2)
 - ReliaStar Life Insurance Company from (A1) to (A2)
 - ReliaStar Life Insurance Company of New York from (A1) to (A2)
 - Security Life of Denver Insurance Company from (A1) to (A2)

Key Messages:

- On October 26th, ING Group announced a set of global strategic initiatives, including the separation of global Banking and global Insurance operations, a new management structure, preliminary 3Q earnings, and a 7.5 billion share rights issue using the proceeds to pay back half (EUR 5 billion) of the capital infusion ING received last year from the Dutch government.
- It is customary for the rating agencies to review the details of any major announcement. Given the comprehensive nature of ING's announced initiatives, we were not surprised by their immediate review.
- While the announcements were strategically significant, there are no immediate changes to ING's day-to-day business activities.
- We are disappointed, however, in the rating agencies' initial decisions. There will be more intensive and comprehensive discussions with the ratings agencies in the near future as we share additional details with them on ING Insurance's strategic path forward.

- Obviously, it is in ING's best interests to maximize the value of the insurance and asset management activities. It will continue to support the efforts of the business to build value and help it prosper.
- ***It is important to understand that ING Insurance U.S.'s capital position remains strong.*** ING has maintained a regulatory capitalization ratio well above its targeted RBC ratio. In fact, ING's current RBC ratio is in-line with the historical equivalent of (AA) rated insurance companies.
- ING Insurance U.S. remains firm in its intention to maintain its historically strong RBC ratios for its U.S. insurance subsidiaries.
- The ratings agencies' actions appear to be based on ING's intentions to definitively separate its global banking and insurance/investment management operations and uncertainties regarding the execution of this strategy. ING announced that it will execute the separation through one or more initial public offerings (IPOs), or sales of its insurance and investment management businesses, or a combination of both, over the course of the next four years.
- In their ratings action announcements, Fitch and S&P appear primarily concerned about ING effectively executing the separation process. ***It is important to note that there has been no decrease in the capitalization levels in ING's U.S. insurance subsidiaries.***
- ING Insurance U.S. has a solid capital position, market leadership in its core Retirement Services, Life Insurance, and Rollover Annuity businesses, and a deep talent base. The announcements made by ING on October 26th are a very deliberate step toward clarity.
- The financial crisis has led to a substantial reduction in asset values, making the need to save for retirement more acute. As a result, growth in savings is expected to be more robust than prior to the crisis. ING is well positioned to capitalize on these trends as a global life insurer focused on Life and Retirement services with attractive structural leadership positions in both mature and growth markets.
- ING Insurance is the 6th largest global insurance company in the world by revenues with the U.S. being a cornerstone of its global presence.¹

¹Source: Datamonitor, Global Top 10 Insurance Companies - Industry, Financial and SWOT Analysis, 8/3/09

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