

New York Life Posts \$950 Million 2008 Net Loss on Investments

By Andrew Frye and Hugh Son

April 8 (Bloomberg) -- New York Life Insurance Co., the biggest U.S. life insurer owned by policyholders, posted a \$949.7 million 2008 net loss as it wrote down the value of investments.

The loss compares with statutory net income of \$1.14 billion in 2007, Bill Werfelman, a spokesman for New York Life, said in an e-mail today. The company plans to release a net result under generally accepted accounting principles in coming weeks, Werfelman said.

Life insurers have reported profit declines and losses as the worst financial crisis since the Great Depression pushed down the prices of stocks backing annuities and bonds held to pay future claims. New York Life had its Aaa financial strength rating at Moody's Investors Service placed on "negative" outlook last month as investment declines pressure capital.

"While our operations performed well, we are not immune from the effects of the financial crisis," New York Life Chief Executive Officer Ted Mathas said in a statement. The company, which **lost \$2 billion in surplus**, still has "more than enough capital to achieve our strategic objectives and maintain a healthy cushion of safety."

Policyholder surplus -- a buffer against claims that's monitored by regulators and ratings firms -- fell 13 percent last year to \$12.8 billion, Mathas said. Total insurance sales rose 13 percent to more than \$2.4 billion in 2007 and operating earnings were mostly unchanged at \$1.28 billion, the company said.

Lincoln, Hartford

New York Life has weathered the storm better than rivals including Lincoln National Corp. and Hartford Financial Services Group Inc., where losses have prompted rating downgrades and requests for government bailout cash. Lincoln and Hartford agreed in November to buy local lenders in a bid to qualify for a piece of Treasury's Troubled Asset Relief Program.

New York Life reiterated it hasn't asked for government funds.

The annual GAAP net result was omitted from New York Life's earnings announcement for the first time in at least six years, according to company statements sent through Business Wire. The statutory net loss was provided by Werfelman on request and calculated from statutory filings available on New York Life's Web site, he said.

“The news release discusses operating earnings because in this environment we believe it is important that the fundamental health of the operations be properly reflected,” Werfelman said. “Operating earnings reached a new all-time record, as did operating revenue, insurance sales and investment sales.”

Statutory results, calculated differently than GAAP earnings, are required by state insurance regulators and help the watchdogs monitor the financial health of carriers. Writedowns and costs tied to winning new business contributed to the statutory net loss, Werfelman said.

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