

BEST'S RATING REPORT



Sun Life Assurance Company of Canada

1 York Street, Toronto, Ontario, Canada M5J 0B6

AMB #: 007101

NAIC #: N/A

AIIN#: AA-1561039

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Sun Life Assurance Company of Canada

Report Release Date:

January 16, 2019

Rating Effective Date:

December 14, 2018

Disclosure Information: View A.M. Best's [Rating Disclosure Form](#)

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Ultimate Parent: [050913 - Sun Life Financial Inc.](#)
A.M. Best Rating Unit: [067413 - Sun Life Assurance Company of Canada](#)

Best's Credit Ratings:

Rating Effective Date: December 14, 2018

Best's Financial Strength Rating:	A+	Outlook:	Stable	Action:	Affirmed
Best's Issuer Credit Rating:	aa-	Outlook:	Stable	Action:	Affirmed

Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
12/14/2018	A+	Stable	Affirmed	aa-	Stable	Affirmed
12/19/2017	A+	Stable	Affirmed	aa-	Stable	Affirmed
12/02/2016	A+	Stable	Affirmed	aa-	Stable	Affirmed
07/09/2015	A+	Stable	Affirmed	aa-	Stable	Affirmed
05/01/2014	A+	Stable	Affirmed	aa-	Stable	Affirmed

Rating Rationale:

The following text is derived from Best's Credit Report on Sun Life Assurance Company of Canada (AMB#067413)

Balance Sheet Strength: Strongest

- Very strong regulatory capital profile that is supportive of growth initiatives in all geographic territories and market segments.
- Prudent use of financial and operating leverage, which enhances balance sheet opportunities and new business growth that is supported by solid risk-based capital levels.
- Appropriate use of reinsurance with affiliated and non-affiliates reinsurers.

- Strong liquidity profile supported by positive earnings and a highly liquid investment portfolio backed by highly rated bonds.

Operating Performance: Strong

- Stable trend of operating performance with some volatility related to managing a complex global organization.
- Operating performance is expected to provide a stable trend of consistent earnings compared to prior years as previous acquisitions have been reflected in previous financial results.
- Underwriting is subject to periodic volatility related to actuarial assumption changes in reserve modeling and management actions.

Business Profile: Favorable

- Sun Life has leading market share in the United States, Canada, and Asian marketplaces.
- The company has been able to demonstrate the ability to expand in various markets while continuing to adhere to a lower product risk profile within group benefits, group retirement, individual life and wealth segments.
- Execution risk with regard to growth and expansion strategies does exist as part of the business profile of the company pertaining to asset management segments in Asia.

Enterprise Risk Management: Appropriate

- ERM is heavily supported by both quantitative and qualitative measures, which are embedded as part of the company's risk culture.
- Product design and pricing are supported by the company's ERM program and management expertise
- Given the international footprint of the company, a highly sophisticated and integrated ERM program is expected to be part of the company's operations.

Outlook

The stable outlooks are supported by the company's strongest balance sheet assessment, strong operating earnings, and favorable business profile.

Rating Drivers

Negative ratings action could occur if there is a substantial deterioration in operating performance.

Negative ratings action could occur if there is a substantial deterioration in risk adjusted capitalization.

Financial Data Notes:

Time Period: Annual - 2017

Status: A.M. Best Quality Cross Checked

Data as of: N/A

Key Financial Indicators:**Key Financial Indicators (000)**

	Year End - December 31				
	2017	2016	2015	2014	2013
Assets (\$000)	233,329,012	224,920,654	211,704,090	190,585,119	166,055,847
Capital & Equity	16,825,799	16,601,603	16,317,916	14,095,965	12,841,071
AOCI (\$000)	917,951	1,362,557	2,151,822	1,098,318	430,491
Net Premiums Written (\$000)	9,576,244	9,213,746	7,105,502	6,439,751	2,973,790
Net Investment Income (\$000)	5,236,433	5,594,628	2,982,972	7,981,347	393,290
Income Before Attribution to Participating Policyholders (\$000)	1,792,807	1,930,864	1,801,975	1,566,241	1,264,436

Source: Bestlink - Best's Statement File - L/H, Canada

Local Currency: Canadian Dollar

Credit Analysis:**Balance Sheet Strength****Capitalization:****Capital Generation Analysis**

	Year End - December 31				
	2017	2016	2015	2014	2013
Pre-tax Adjusted Gain (\$000)	1,990,677	2,173,120	1,996,479	1,836,813	1,310,982
Income Taxes (\$000)	197,870	242,256	194,504	270,572	46,546
Other Changes (\$000)	-1,568,611	-1,647,177	419,976	-311,347	-154,650
Change in Capital & Equity (\$000)	224,196	283,687	2,221,951	1,254,894	1,109,786
Capital & Equity (%)	1.4	1.7	15.8	9.8	9.5

Source: Bestlink - Best's Statement File - L/H, Canada

Local Currency: Canadian Dollar

Liquidity Analysis

	Year End - December 31				
	2017	2016	2015	2014	2013
Mtge & Real Estate to Cap & Equity (%)	125.7	121.4	117.1	122.6	129.0

Capitalization: (Continued...)**Liquidity Ratios (%)**

	Year End - December 31				
	2017	2016	2015	2014	2013
Quick Liquidity (%)	5.3	5.4	6.1	5.0	5.2
Current Liquidity (%)	59.7	60.2	61.0	61.6	59.8

Source: Bestlink - Best's Statement File - L/H, Canada

Leverage Analysis (%)

	Year End - December 31				
	2017	2016	2015	2014	2013
Capital & Equity to Liabilities	7.8	8.0	8.4	8.0	8.4
Reinsurance Leverage	92.4	89.6	80.8	86.7	84.7
NPW to Capital	0.6	0.6	0.4	0.5	0.2
Change in NPW	3.9	29.7	10.3	116.6	-47.6

Source: Bestlink - Best's Statement File - L/H, Canada

Operating Performance**Underwriting Results:****Profitability Test (%)**

	Year End - December 31					5-YR Avg/Total
	2017	2016	2015	2014	2013	
Benefits Paid to NPW	75.1	76.0	75.3	78.6	153.8	82.6
Commissions & Expenses to NPW	38.9	38.7	37.5	31.2	58.1	38.8
Net Income to Total Assets	1.2	1.4	1.4	1.4	1.2	1.3
Net Income to Total Revenues	10.8	11.8	16.0	10.2	29.7	13.1
Net Income to Equity	10.7	11.7	11.8	11.6	10.3	11.3
Yield on Invested Assets	5.60	6.12	3.46	10.98	0.57	5.37

Source: Bestlink - Best's Statement File - L/H, Canada

Business Profile

The following text is derived from Best's Credit Report on Sun Life Assurance Company of Canada (AMB# 067413):

Sun Life Assurance Company of Canada (SLA) is the Canadian insurance company and lead insurance company for Sun Life Financial Inc. (SLF).

The key life insurance subsidiary of Sun Life Financial Inc. (SLF) is Sun Life Assurance Company of Canada (SLA). SLA owns Sun Life and Health Insurance Company (U.S.) (SLHIC), which markets group life and A&H products. With the sale of Sun Life Assurance

Company of Canada (U.S.) (SLUS) and Sun Life Insurance and Annuity Company of New York (SLNY) in August 2013, SLHIC became the U.S. marketing arm in New York.

SLA maintains a market leading position in Canada through their workplace segment. SLA has three main business units: Individual Insurance & Wealth, Group Benefits and Group Retirement Services. These units offer a full range of protection, wealth accumulation and income products and services to individuals in their communities and their workplaces. SLA also has investments in the Canadian asset management sector.

GB provides life, dental, drug, extended health care, disability and critical illness benefits programs to employers of all sizes. In addition, voluntary benefits are offered directly to individual plan members, including post-employment life and health plans to members exiting their plan. Products are marketed and distributed across Canada by sales representatives in collaboration with independent advisors, benefits consultants and the Sun Life Financial Career Sales Force (CSF).

While each of its business units remain focused on their respective markets, SLA recognizes the opportunity to serve its clients through the combination of some aspects of these businesses. This has led to the formation of SLA's Total Benefits offering for group clients and customer solutions, which addresses the needs of individual and group clients as they do business with the company through the exclusive CSF. The CSF provides solutions to members at the worksite while they are enrolling in group plans and through ongoing services at important life events including transition guidance for members changing jobs or retiring. Client Solutions (CS) business was created in January 2009 to address these needs and help manage retirement planning while giving them access to products such as term life insurance, health coverage, home and auto and travel insurance, as well as providing solutions to members at the worksite while enrolling in group plans, and changing jobs. The Defined Benefit Solutions (DBS) business, which falls under GRS, provides de-risking solutions to pension clients through annuity buyout and liability driven investment solutions. SLA's Canadian Individual Insurance and Wealth business comprises permanent life, participating life, term life, universal life, critical illness, long-term care and personal health insurance. Savings and retirement products include internally manufactured Sun Life Global Investments (Canada) Inc. (SLGIC) mutual funds, third-party mutual funds, segregated funds, accumulation annuities, guaranteed investment certificates and payout annuities. These products are marketed through a multi-channel distribution model consisting of the CSF and third-party distribution channels, such as independent insurance and mutual fund licensed brokers and broker-dealers. Certain products, including accidental death insurance and personal health insurance, are marketed directly to retail clients in partnership with advisor channels.

SLF U.S. has three business units: Group Benefits, International and In-force Management. Group Benefits provides protection solutions to employers and employees including group life, disability, medical stop-loss and dental insurance products, as well as a suite of voluntary benefits products. International offers individual life insurance products to high net worth clients in international markets. In-force Management includes certain closed individual life insurance products, primarily universal life and participating whole life insurance. SLF acquired Assurant Inc.'s (Assurant) employee benefits business recently which created the sixth largest group benefits business in the U.S., with the combined business having one of the broadest product portfolios in the industry. The transaction adds significant new capabilities to the SLF U.S. Group Benefits business, including a strong dental business with the second largest proprietary provider network in the U.S. and will also significantly increase the size and scale of the SLF U.S. Group Benefits business.

Sun Life Investment Management Inc. (SLIM) in Canada. SLIM was created to help Canadian pension funds and other investors seeking additional yield in a low return environment by giving them access to SLF's investments in commercial mortgages, private fixed income and real estate, as well as liability-driven investment (LDI) capabilities. SLF acquired the New York-based firm Ryan Labs Inc. (Ryan Labs), specializing in liability-driven investment (LDI) and total return fixed income strategies, and adding \$5.1 billion under management and expanding SLF's footprint in the U.S. This purchase is anticipated to build the business overseeing bonds for investors including pension funds and institutional clients. SLF acquired the Bentall Kennedy group of companies, a real estate investment manager operating in Canada and the U.S., which provides specialized real estate investment management and real estate services, including property management and leasing. SLF acquired Prime Advisors, Inc. (Prime), an investment management firm specializing in customized fixed income portfolios primarily for U.S. insurance companies. With the addition of Prime, together with the recent acquisitions of the Bentall Kennedy group of companies and Ryan Labs, SLIM's third-party assets under management grew. This growth provided SLF an excellent platform for serving institutional clients and expanding business in the U.S.

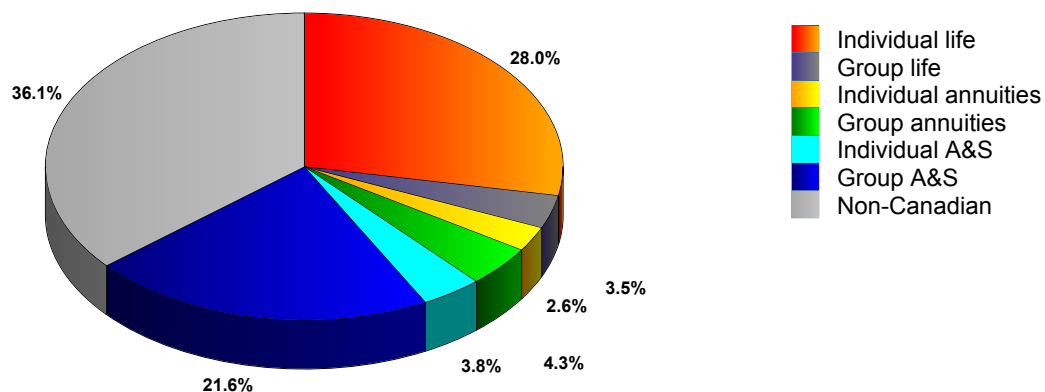
MFS, headquartered in Boston, MA, is a global investment management company. MFS has investment teams located in Hong Kong, London, Mexico City, Sao Paulo, Singapore, Sydney, Tokyo, Melbourne and Toronto and offer products and services that address the varying needs of retail and institutional investors over time. Retail investors have access to MFS' advisory services through a broad selection of financial products including mutual funds, variable annuities, separate accounts, college and retirement savings plans, and offshore investment products. These products are distributed through financial intermediaries that provide sales support, product administration and client services. MFS provides asset management services to institutional clients for corporate retirement plans, separate accounts, public or government funds and insurance company assets. Institutional clients are serviced through a direct sales force and a network of independent consultants. MFS' strategy has expanded in recent years to include institutional product sales. Over the last few years, MFS has initiated several institutionally focused investment products, designed to better meet the market diversification of investment performance linked to an index and investment performance based on the management of investment vehicles.

SLF Asia operates in seven markets, through subsidiaries, joint ventures (JV) and local partners in the Philippines, Hong Kong, Indonesia, India, China, Vietnam and Malaysia. It provides individual life and health insurance as well as group life insurance and savings products in the markets in which it operates as well as pension and retirement products in Hong Kong and India, and mutual

funds in the Philippines and India. These protection and wealth management products are distributed to middle and upper income individuals, employer / employee groups and affinity clients. SLF Asia's parent is Sun Life Assurance.

The Corporate segment includes the results of SLF U.K and Corporate Support operations that consist of the company's run-off reinsurance business as well as investment income, expenses, capital and other items not allocated to Sun Life Financial's other business segments. Since 2008, SLF began consolidating the results of SLF Reinsurance into Corporate Support as reinsurance business is a closed block that consists of reinsurance assumed from other insurers with coverages of individual disability income, long-term care, group long-term disability and personal accident and medical coverage, as well as guaranteed minimum income and death benefit coverage. The block also includes group long-term disability and personal accident which are 100% retroceded. Discontinued Operations in Corporate relate to Corporate Support only.

2017 Top Product Lines of Business (Net Premiums Written)



Source: Bestlink - Best's Statement File - L/H, Canada

2017 By-Line Business

Product Line	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
Individual life	3,529,004	21.2	...	...	844,590	10.9	2,684,414	28.0
Group life	958,508	5.8	370	0.1	622,386	8.0	336,492	3.5
Individual annuities	589,577	3.5	...	...	336,908	4.4	252,669	2.6
Group annuities	1,868,244	11.2	...	...	1,453,213	18.8	415,031	4.3
Individual A&S	450,563	2.7	...	...	82,440	1.1	368,123	3.8
Group A&S	4,431,326	26.7	...	...	2,366,703	30.6	2,064,623	21.6
Non-Canadian	4,793,609	28.8	697,273	99.9	2,036,177	26.3	3,454,705	36.1
Total	16,620,831	100.0	697,643	100.0	7,742,417	100.0	9,576,244	100.0

Source: Bestlink - Best's Statement File - L/H, Canada
Local Currency: Canadian Dollar

Geographical Breakdown By Direct Premium Writings

	2017	2016	2015	2014	2013
Ontario	5,659,036	4,902,423	4,330,344	4,001,675	4,113,255
Out of Canada	4,793,609	4,736,224	4,354,989	4,033,279	3,963,750
Quebec	2,307,252	2,413,111	2,123,830	2,323,904	1,792,673
Alberta	1,390,587	1,265,165	1,264,026	1,226,960	1,209,105
British Columbia	1,253,039	1,304,120	1,085,580	1,063,745	982,102
Saskatchewan	316,716	294,926	266,095	256,771	276,842
Nova Scotia	251,201	211,834	282,386	213,686	213,579
Manitoba	216,167	216,943	413,253	183,463	177,614
New Brunswick	170,704	166,608	389,972	166,589	156,353
Newfoundland and Labrador	139,408	132,017	260,554	145,447	173,561
All Other	123,112	106,570	143,909	129,703	141,065
Total	16,620,831	15,749,941	14,914,938	13,745,222	13,199,899

Source: Bestlink - Best's Statement File - L/H, Canada

Local Currency: Canadian Dollar

Financial Statements:

Balance Sheet:

Balance Sheet:

Admitted Assets	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Bonds	58,821,900	57,934,252
Preferred shares	172,490	185,722
Common shares	4,725,152	4,681,102
Mortgage loans	14,588,650	14,270,358
Property & equipment	6,909,615	6,278,863
Contract loans	2,733,809	2,728,701
Joint ventures	656,528	549,780
Cash & short-term inv	3,663,795	3,791,122
Accounts receivable	7,458,465	7,578,845
Accrued invest income	712,630	690,280
Other assets	43,924,286	45,047,080
Segregated funds	88,961,692	81,184,549
Total Assets	233,329,012	224,920,654

Liabilities & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Gross actuarial liabilities	99,454,547	97,658,355
Accounts payable	10,058,308	10,341,761
Other policy liabilities	5,841,672	5,697,582
Other debt	7,327,592	8,780,018
Other liabilities	4,858,529	4,656,786
Deferred income tax	873	...
Segregated funds	88,961,692	81,184,549
Total Liabilities	216,503,213	208,319,051
Policyholders equity	606,998	395,481
Shareholders equity	16,218,801	16,206,122
Total Liabilities and Equity	233,329,012	224,920,654

Source: Bestlink - Best's Statement File - L/H, Canada

Local Currency: Canadian Dollar

Summary of Operations:**Summary of Operations (000)**

Statement of Income	2017 (\$000)	Expenses	2017 (\$000)
Premiums:		Benefits paid	7,193,246
Individual life	3,434,207	Change in reserves	2,531,286
Individual annuities	264,737	Plcyhldr divs & refunds	790,042
Group life	1,191,871	Trans from/to oth funds	-119,585
Group annuities	443,145	Commissions	506,571
Acc & sickness group	3,873,974	Interest expenses	429,655
Acc & sickness individual	368,123	Gen exp & taxes	3,214,696
Total premiums	9,576,244	Other expenses	95,691
Net investment income	5,236,433		
Misc income	1,819,602		
Total	16,632,279	Total	14,641,602
		Income before income tax and other items	1,990,677
		Provision for income taxes	197,870
		Income before attribution to participating policies and other items	1,792,807
		Income attributed to participating policies and other items	216,711
		Net income	1,576,096

Source: Bestlink - Best's Statement File - L/H, Canada

Local Currency: Canadian Dollar

Sun Life Assurance Company of Canada

Report Revision Date:
January 16, 2019

Company Attributes:

Industry:	Insurance
Business Type:	Life, Annuity, and Accident
Entity Type:	Operating Company
Organization Type:	Stock
Business Status:	In Business - Actively Underwriting
Marketing Type:	Career Agent
Financial Size:	XV (\$2 Billion or greater)

Company History:

Date Incorporated: 03/18/1865

Date Commenced: 05/01/1871

Domicile: Canada: Ontario

Originally incorporated as The Sun Insurance Company of Montreal in 1865, the name was changed in 1871 to Sun Mutual Life Insurance Company of Montreal, and in 1882 the present title Sun Life Assurance Company of Canada (SLA or the Company) was adopted. In 1962, the company was organized as a mutual life insurance company. On March 22, 2000, the company completed its demutualization. Sun Life Financial Inc. (SLF) is the publicly traded holding company for its principal Canadian life insurance subsidiary, SLA and is traded on the major stock exchanges in Toronto, New York and the Philippines.

SLF has made several business transactions to enhance its overall evolving business model.

SLF acquired Clarica Life Insurance Company (Clarica Life) and its wholly owned subsidiary, Clarica Life Insurance Company-U.S. in 2002, as an all-stock transaction valued at approximately \$6.9 billion CAD. Clarica Life Insurance Company-U.S. was subsequently sold in early 2003 and Clarica Life Insurance Company was merged into Sun Life at the end of 2002. At the time of the transaction, based on assets under management, Clarica Life was Canada's fourth largest life insurer with favorable market positions in a number of major Canadian business segments. The consolidation created one of Canada's largest life insurance companies, with very strong market positions in all major protection and wealth accumulation business segments in Canada.

In 2002, SLF acquired an economic interest in CI in exchange for its subsidiary, Spectrum Investment Management Limited (Spectrum), and Clarica Diversico Ltd. (Diversico), the mutual fund subsidiary of Clarica Life.

In 2007, SLF introduced an integrated brand strategy to reduce brand duplication and complexity in the Canadian market. This strategy included retiring the Clarica brand and aligning its career sales force with the Sun Life brand.

On May 31, 2007, the Company completed its acquisition of Genworth Financial Inc.'s U.S. Employee Benefits Group (Genworth EBG Business) for \$725 million. The SLF U.S. group business combined with the Genworth EBG Business and became the SLF Employee Benefits Group, offering customers group life, disability, dental and stop loss insurance, and voluntary worksite products. This acquisition added scale and scope to the SLF U.S. Employee Benefits Group business and solidified its top ten leadership position in the important U.S. employee benefits industry. In addition, the increased access to markets, broadened product and service offerings and strengthened distribution platform positioned SLF for long-term growth.

On June 22, 2007, the Company purchased approximately two million of additional trust units of CI Financial Income Fund for \$66 million in order to maintain its existing combined interest in CI Financial Income Fund and Canadian International LP (collectively, CI Financial). SLF's interest in CI Financial had decreased slightly as a result of CI Financial's purchase of Rockwater Capital Corporation in the second quarter of 2007.

On November 7, 2007, the Company sold the U.S. subsidiaries that comprised of the Independent Financial Marketing Group business to LPL Holdings, Inc. The sale had no material effect on the 2007 financial results.

Company History: (Continued...)

On February 29, 2008, the Company sold Sun Life Retirement Services (U.S.), Inc., a 401(k) plan administration business in the United States, to The Hartford Financial Services LLC (Hartford). The sale had no material effect on the 2008 financial results. The sale price was \$47 million. Hartford acquired over 400 employees, \$17 billion in AUM across roughly 6,000 plans and 465,000 plan participants.

On December 12, 2008, SLF sold its 37% interest in CI Financial Income Fund to Bank of Nova Scotia for \$2.2 billion CAD. The proceeds included \$1.55 billion CAD in cash and the balance in common and preferred shares of Bank of Nova Scotia.

On July 15, 2009, SLF and CIMB Group received regulatory approval to form a joint venture to distribute SFL's life, accident and health insurance products through the 600-plus retail branches of PT Bank CIMB Niaga in Indonesia.

On July 29, 2009, the Company announced the restructuring of its insurance JV in China. During the third quarter of 2010, SLF repositioned the company in China when it completed its restructuring initiatives, reducing its ownership from 50% to about a 24.9% interest. SLF will continue to provide its international governance, risk management and actuarial expertise and standards to Sun Life Everbright. The repositioning of Sun Life Everbright as a domestic insurer in the market will provide additional avenues of growth in China's financial services market and enable the company to fully leverage China Everbright Bank's broad distribution capabilities.

On October 1, 2009, the Company completed the acquisition of the United Kingdom operations of Lincoln National Corporation for \$387 million. The purchase price was subject to adjustment related to market and business performance prior to October 1, 2009. There were no material adjustments to the purchase price allocation of 2010. The acquisition increased Sun Life U.K.'s assets under management over 60% to \$20 billion and doubled the number of policies in force to 1.1 million.

On December 31, 2010, the Company completed the sale of its reinsurance business to Berkshire Hathaway Life Company of Nebraska.

On October 25, 2011, SLF completed the acquisition of 49% of Grepalife Financial Inc., a Philippine life insurance company. The new joint venture includes an exclusive bancassurance relationship with the Yuchengco-owned Rizal Commercial Banking Corporation, which serves two million customers in more than 350 branches nationwide.

On November 8, 2011, McLean Budden Limited became the wholly owned subsidiary of MFS Investment Management and added approximately \$30 billion to MFS's assets under management. The combined assets under management of MFS and McLean Budden are C\$261 billion (US\$253 billion). McLean Budden now operates as MFS Investment Management Canada Limited.

In May 2012, the Company entered into an agreement with PVI Holdings to form PVI Sun Life Insurance Company Limited in Vietnam, a joint venture life insurance company, and received its license to operate from the Ministry of Finance of Vietnam in January 2013.

On December 17, 2012, the Company entered into a definitive stock purchase agreement to sell its U.S. annuities business and certain U.S. life insurance businesses (the "U.S. Annuity Business"), including all of the issued and outstanding shares of Sun Life Assurance Company of Canada (U.S.). The U.S. Annuity Business includes domestic U.S. variable annuity, fixed annuity and fixed indexed annuity products, corporate and bank-owned life insurance products and variable life insurance products. The transaction was completed in August 2013.

In January 2013, SLF entered into a strategic partnership with Khazanah Nasional Berhad to acquire 98% of each of CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad (together, "CIMB Aviva") in Malaysia. The transaction was completed in April 2013. As a result, Sun Life Assurance acquired a 49% interest in CIMB Aviva. The names of the CIMB Aviva entities were subsequently changed to Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad respectively.

In 2014, SLF established Sun Life Investment Management Inc. (SLIM) in Canada. SLIM was created to help Canadian pension funds and other investors seeking additional yield in a low return environment by giving them access to SLF's investments in commercial mortgages, private fixed income and real estate, as well as liability-driven investment (LDI) capabilities.

In April 2015, SLF acquired the New York-based firm Ryan Labs Inc. (Ryan Labs), specializing in liability-driven investment (LDI) and total return fixed income strategies, and adding \$5.1 billion under management and expanding SLF's footprint in the U.S. This purchase is anticipated to build the business overseeing bonds for investors including pension funds and institutional clients.

In July 2015, SLF acquired Prime Advisors, Inc. (Prime), an investment management firm specializing in customized fixed income portfolios, primarily for U.S. insurance companies. As of May 31, 2015, Prime had approximately US\$13 billion in assets under management on behalf of clients.

In September 2015, SLF acquired the Bentall Kennedy group of companies, a real estate investment manager operating in Canada and the U.S., which provides specialized real estate investment management and real estate services, including property management and leasing. At the end of the first quarter 2015, Bentall Kennedy had assets under management of \$27 billion and provided real estate service across 91 million square feet of properties.

Company History: (Continued...)

In September 2015, SLF announced an agreement with Assurant, Inc. (Assurant) to acquire Assurant's employee benefits business for a net investment of US\$975 million. The transaction will significantly increase the size and scale of the SLF U.S. Group Benefits business, growing business in-force by more than 50%. The transaction closed on March 1, 2016.

In November 2015, the Company announced the acquisition of an additional ownership interest in its Vietnam joint venture, PVI Sun Life Insurance Company Limited, from PVI Holdings, increasing its ownership to 75% from 49%. The transaction closed on January 8, 2016.

In December 2015, SLF announced the acquisition of an additional ownership interest in its India Insurance joint venture, Birla Sun Life Insurance Company Limited, from Aditya Birla Nuvo Limited, increasing its ownership to 49% from 26%. The transaction closed on April 11, 2016.

In March 2016, SLF announced the acquisition of the remaining 51% of PT CIMB Sun Life (CSL), an Indonesian life insurance company, from its long-term partner, CIMB Group. The transaction closed on July 1, 2016 and resulted in SLF owning 100% of CSL. CSL transferred all of its portfolios to PT. Sun Life Financial Indonesia in September 2016 and ceased to be an active life insurance company in December 2016. The name of CSL was subsequently changed to PT. Cakrawala Solusi Lintas.

In August 2016, SLF announced the acquisition of the remaining 25% of PVI Sun Life Insurance Company Limited (PVI Sun Life) from PVI Holdings. The transaction closed on November 9, 2016 and the name of PVI Sun Life was changed to Sun Life Vietnam Insurance Company Limited.

In August 2016, SLF announced that Sun Life Hong Kong Limited (Sun Life HK) would acquire the pension business of FWD Life Insurance Company (Bermuda) Limited (FWD), consisting of the business of Mandatory Provident Fund (MPF) and Occupational Retirement Schemes Ordinance (ORSO). Sun Life HK and FWD also entered into an exclusive 15-year distribution agreement that allows Sun Life HK to distribute its pension products. The first stage of the acquisition that included acquisition of FWD and the 15-year distribution agreement, was closed on October 3, 2017. The name of the acquired entity, FWD Pension Trust Limited, was changed to Sun Life Pension Trust Limited. The completion of the second and final stage of the transaction involves the purchase of the ORSO, and is expected to close by the end of 2018,

In March 2017, SLF announced that Sun Life Vietnam Insurance Company Limited ('Sun Life Vietnam') had entered into a 3-year partnership agreement with Global Online Financial Solutions Limited ("GOFs"), one of the fastest-growing and leading Fintech providers in Vietnam which operates the first digital banking platform in Vietnam under the "Timo" brand. This followed the acquisition in January 2017 by Sun Life Financial of a 25% stake in Crescent Asia Limited, the holding company of GOFs. Under the partnership, Timo will be able to offer life and health insurance products to its members. Moreover, Timo's members will be able to access Sun Life Vietnam's products directly via the bank's mobile application.

In April 2017, the U.S. business group of SLF entered into an agreement to acquire The Premier Dental Group, Inc. (PDG), a Minnesota-based dental network that offered one of the strongest dental preferred provider networks (PPOs) in the state, as well as network offerings in Florida, Wisconsin, Missouri and several other Midwestern states. The transaction was closed on June 1, 2017. Sun Life has become the insurer with the largest PPO dental network in the U.S. with the launch of new proprietary Sun Life Dental Network (that includes PDG dental network), which has approximately 125,000 unique providers.

In September 2017, SLF announced that Sun Life Global Investments (Canada) Inc. and Excel Funds Management Inc. had entered into an agreement whereby Sun Life Global Investments would purchase all of the outstanding shares of both Excel Funds Management Inc. and Excel Investment Counsel Inc., expanding Sun Life's product suite into emerging market funds. The transaction was closed on January 2, 2018.

Company Operations:

Licensed Territory: (Current since 11/26/2001). The company is licensed in all provinces and territories. It is also licensed in the United States in the District of Columbia, Puerto Rico, U.S. Virgin Islands, AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI and WY. Through its subsidiaries and joint ventures, the company also conducts business in the United Kingdom, Ireland, Hong Kong, the Philippines, Indonesia, India, China, Vietnam, Malaysia, Singapore and Bermuda.

Company Operations: (Continued...)

2017		
Rank	Top 5 Lines of Business by NPW	
1	Non-Canadian	36.1%
2	Individual life	28.0%
3	Group A&S	21.6%
4	Group annuities	4.3%
5	Individual A&S	3.8%

Source: Bestlink - Best's Statement File - L/H, Canada

Company Management:

Last significant update on 07/27/2018

Officers

Chairman of the Board: William D. Anderson

President and CEO: Dean A. Connor

President: Claude A. Accum (SLF Asia)

President: Daniel R. Fishbein (SLF U.S.)

President: Jacques Goulet (SLF Canada)

President: Stephen C. Peacher (Sun Life Investment Management)

EVP and CFO: Kevin D. Strain

EVP and Chief Information Officer: Mark S. Saunders

EVP and Chief Risk Officer: Colm J. Freyne

EVP and Chief Legal Officer: Melissa J. Kennedy (Public Affairs)

EVP and Chief Human Resource Officer: Carolyn D. Blair (Communications)

EVP: Kevin P. Dougherty (Innovation and Partnerships)

EVP: Linda M. Dougherty (Corporate Strategy & Global Marketing)

Directors

William D. Anderson (Chairman)

Dean A. Connor

Stephanie Coyles

Martin J. G. Glynn

Sara Grootwassink-Lewis

M. Marianne Harris

Christopher J. McCormick

Scott F. Powers

Réal Raymond

Hugh D. Segal

Barbara G. Stymiest

Regulatory:

Auditor: Deloitte LLP

The 2017 annual independent audit of the company was conducted by Deloitte LLP.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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