

2020 Business Continuity and Financial Stability Q&A for Institutions

March 2020

At MassMutual, we are committed to serving our customers today, tomorrow, and well into the future. With the far-reaching impact of the COVID-19 pandemic, we are all adapting our lives to mitigate health risks on our communities, and we are managing our businesses with the same level of care.

While today's situation has its unique elements, managing through adverse economic times is nothing new at MassMutual. For nearly 170 years, we have delivered on our commitments -including during times of market uncertainty. It's our enduring financial strength, diligent risk management, and long-term investment approach that enable us to continue delivering for our customers, plan sponsors, and financial professionals.

With our commitment to transparency and communication, we are working to provide you with relevant information pertaining to our business in today's market environment, and ways we can help you. Recently, Roger Crandall, our CEO, shared a [message](#) about our company's financial strength, strategy, and our people. In addition to his message and this Q&A, other communications available for your reference include our [Navigating Uncertainty Resource Page](#), and our [MassMutual Business Continuity Disclosure Statement](#).

We will update this content as needed. Meanwhile, if you have additional questions, please feel free to reach out to us directly. As always, we are prepared to serve and assist.

Thank you for your continued partnership.

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Financial Impact

1. Have you experienced or do you anticipate experiencing any material impacts resulting from the coronavirus, the current interest rate environment or equity markets?

To ensure the safety of our employees, we have activated our robust business contingency practices with our employees working remotely. We are well capitalized, and our financial strength remains strong among highly volatile scenarios.

2. Do you have outstanding guidance for Q1 2020 and/or annual 2020 guidance? If so, please provide the expected impact of coronavirus and current capital market conditions on your guidance.

We do not provide guidance. The current environment has not changed our long-term expectations at this time as described in the letter from Roger Crandall, our CEO.

[A Message from our CEO](#)

3. Have the rating agencies affirmed your ratings or taken any ratings actions in the last week?

Rating agencies have not recently made any changes to MassMutual's ratings, which are among the highest of any company in any industry, based on our financial strength and capital position.

The ratings are for MassMutual and its subsidiaries, C.M. Life Insurance Company and MML Bay State Life Insurance Company, and are subject to change. They are available on our home page:

[MassMutual Institutional Solutions Home Page.](#)

4. Has MassMutual made any changes to its investment approach given the unprecedented rate environment?

No, we continue to seek stable, long-term investment performance to meet our financial commitment to policyowners. Our well-diversified general investment account remains focused on high quality core assets. Our asset/liability and liquidity management remain key elements of overall portfolio risk management.

5. What impact has the coronavirus, or the reaction to it (interest rates, equity markets), had on your operations? What result do you expect it to have? In particular, what assessments on expected claims and capital position have you made and what do you anticipate the impact to be on expected claims and capital position.

Operations

- *There have been no adverse impacts to business operations. We implemented a companywide remote work arrangement for all offices effective March 16th, which will remain in effect until further notice.*
- *We test our business contingency protocols regularly. In addition, our enterprise resiliency organization along with the enterprise risk management team reviewed continuity plans to validate responses to the current outbreak and identify any gaps that needed to be addressed in advance of the company-wide remote work plan being activated. Critical functional teams participated in a work from home test for one week prior to activating the protocol with no systemic issues.*

Claims and Capital Assessments

- *We routinely run pandemic scenarios to understand potential impacts to our diversified portfolio of products and the resulting claims.*
- *We hold adequate reserves and reinsurance coverage to respond to claims in both normal and stress conditions and reduce the impact to capital.*
- *Our reinsurance business partners are highly rated and well diversified; potential claims would be spread across multiple reinsurers reducing the counterparty exposure.*

6. How do you anticipate the current environment will impact corporate earnings for MassMutual?

While we have not seen anything that would change our long-term expectations, were current conditions to persist throughout the remainder of the year, we could see an impact to earnings.

Business Impact

1. Do you have exposure to any material counterparties within your businesses that have been significantly impacted by coronavirus? Counterparties include customers, suppliers, distributors, creditors, business partners and other parties.

Our employees are our most important resource and in an effort to ensure their safety, the entire workforce is currently working from home.

We do not have a supply chain in the traditional sense. However, in terms of our agents and third-party service providers, we have not experienced any issues and have worked with our top tier providers to ensure adequate contingency plans.

MassMutual relies on reinsurance companies as a normal course of business and in times of mortality stress. These counterparties are highly rated and diversified across insurance products. We remain in close contact with these companies as the situation develops and do not expect them to have any issues honoring their obligations.

2. Do you have any contingency plans in the event any of your facilities are located in an area that becomes subject to a coronavirus outbreak?

Yes. Each area of the company has specific contingency plans for how to continue operations under a variety of scenarios, including high absenteeism rates that could occur as a result of a pandemic. This also includes failure of a third-party vendor that may exist in impacted areas. Details for any operations in areas subject to an outbreak would be incorporated in these plans including the contingency plan if a third party was to fail.

3. How long are you speculating the crisis environment will last? How long do you believe you can sustain business in the contingency model?

This is a fluid situation that is changing by the day and it is impossible to predict.

Each area of the company has specific contingency plans for how to continue operations under a variety of scenarios, including high absenteeism rates that could occur as a result of a pandemic.

We are positioned to operate in our contingency mode for an extended period of time.

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