

**Rating Action: Moody's affirms TIAA's Aa1 IFS ratings; outlook stable**

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19 August 2019

New York, August 19, 2019 – Moody's Investors Service has affirmed the Aa1 insurance financial strength (IFS) ratings of Teachers Insurance & Annuity Association of America (TIAA). Moody's also affirmed the Aa2 LT issuer rating, Aa3 (hyb) surplus note debt rating and the Aa1 IFS rating of TIAA's life insurance operating subsidiary, TIAA-CREF Life Insurance Company (TC Life). The outlook on TIAA and TC Life remains stable.

The Aa2 backed senior unsecured debt rating of Nuveen, LLC and the Baa1 senior unsecured debt rating of Nuveen Finance, LLC. are not part of this rating action.

**RATINGS RATIONALE**

Moody's said the affirmation of TIAA's ratings reflects the company's dominant position in the higher-education pension market, its outstanding capital base, its expense advantages, and its uniquely stable liability structure. These strengths are somewhat offset by increased competition from other financial service providers in the higher education pension market, as well as the potential for investment losses and earnings volatility in a stress scenario, especially in commercial real estate related investments.

TC Life's Aa1 IFS rating is based upon TIAA's explicit support for TC Life. TIAA's support for TC Life includes a commitment by TIAA regarding TC Life's minimum capital and surplus, liquidity, limitation on transference of policies to other insurers, and the maintenance of ownership.

**RATINGS DRIVERS**

The following factors could lead to an upgrade in TIAA's ratings: 1) successful expansion in the company's core pension market and other related market segments such as municipalities and health care; 2) improved asset quality as measured by Moody's stress losses; and 3) measured growth in the asset management business.

Conversely, the following could lead to a downgrade in TIAA's ratings: 1) NAIC company action level risked-based capital (RBC) ratio declining below 400% for more than a short time period or a reduction in capital of more than 10% over a 12 month period; 2) adjusted financial leverage of 20% or greater; and 3) earnings coverage consistently below mid-single digits.

The following ratings have been affirmed with a stable outlook:

Teachers Insurance and Annuity Association of America: insurance financial strength rating at Aa1, long-term issuer rating at Aa2, surplus note rating at Aa3 (hyb);

TIAA-CREF Life Insurance Company: insurance financial strength rating at Aa1.

Teachers Insurance & Annuity Association of America, an insurance company domiciled in New York, reported statutory assets of approximately \$310 billion and statutory capital of approximately \$39 billion at June 30, 2019.

The principal methodology used in these ratings was Life Insurers published in May 2018. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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