

Equitable Life Insurance Co Ltd.

Credit Rating:

BB/Negative/B

Primary Credit Analysts:

Mark Legge
Melbourne
61-3-9631-2041
mark_legge@
standardandpoors.com

Secondary Credit Analysts:

Gavin Gunning
Melbourne
(61) 3-9631-2092
gavin_gunning@
standardandpoors.com

**RatingsDirect
Publication Date**

Sept. 17, 2009

Rationale

The 'BB/Negative/B' insurer financial strength ratings on Equitable Life Insurance Co. Ltd. (Equitable Life) reflect the insurer's core status within the New Zealand Equitable group.

Equitable Life is a core financing arm of the Equitable group, with funds invested in units of Equitable Property Mortgage Fund, which in turn invests in loans secured by first mortgages over commercial, industrial, and residential properties. The funds are raised via life bonds, valued at NZ\$67 million as of June 30, 2009, which contain a small life-insurance element.

Equitable Life's core status within Equitable reflects the company's:

- Wholly owned status in the Equitable group;
- Role as a core financing source for Equitable;
- Position as a material part of Equitable, comprising about 30% of group assets at June 30, 2009;
- High integration with the group in terms of operations: staff, systems, and processes that are common across the group;
- Geographical operations, which are in common with those of Equitable;
- Ability to sell units in Equitable Property Mortgage Fund to fund obligations of Equitable Life if required;
- Common board composition with the parent and all Equitable subsidiaries; and
- Common branding with the parent.

Outlook

The negative outlook on Equitable Life reflects that on Equitable.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities. Standard & Poor's (Australia) Pty. Ltd. does not hold an Australian financial services license under the Corporations Act 2001. Any rating and the information contained in any research report published by Standard & Poor's is of a general nature. It has been prepared without taking into account any recipient's particular financial needs, circumstances, and objectives. Therefore, a recipient should assess the appropriateness of such information to it before making an investment decision based on this information.

Published by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. Executive offices: 1221 Avenue of the Americas, New York, NY 10020. Editorial offices: 55 Water Street, New York, NY 10041. Subscriber services: (1) 212-438-7280. Copyright 2009 by The McGraw-Hill Companies, Inc. Reproduction in whole or in part prohibited except by permission. All rights reserved. Information has been obtained by Standard & Poor's from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources, Standard & Poor's or others, Standard & Poor's does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities.

Standard & Poor's uses billing and contact data collected from subscribers for billing and order fulfillment purposes, and occasionally to inform subscribers about products or services from Standard & Poor's, our parent, The McGraw-Hill Companies, and reputable third parties that may be of interest to them. All subscriber billing and contact data collected is stored in a secure database in the U.S. and access is limited to authorized persons. If you would prefer not to have your information used as outlined in this notice, if you wish to review your information for accuracy, or for more information on our privacy practices, please call us at (1) 800-852-1641 or write us at: privacy@standardandpoors.com. For more information about The McGraw-Hill Companies Privacy Policy please visit www.mcgraw-hill.com/privacy.html.

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. Credit ratings issued by Ratings Services are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of credit ratings issued by Ratings Services should not rely on any such ratings or other opinion issued by Ratings Services in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or by the underwriters participating in the distribution thereof. The fees generally vary from US\$2,000 to over US\$1,500,000. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications.

Permissions: To reprint, translate, or quote Standard & Poor's publications, contact: Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280; or by e-mail to: research_request@standardandpoors.com.

The McGraw-Hill Companies