

Client Update: May, 2009

## Market Security Update: The Hartford

*Frank Crystal & Company routinely monitors the ratings and financial conditions of all insurance carriers with which we do business. This update has been prepared in response to the concerns and considerations of our clients and Hartford policyholders.*

Last week, the United States Treasury Department provided a preliminary approval for The Hartford Financial Services Group to participate in the Treasury's Capital Purchase Program (CPP) in the amount of \$3.4 billion. The CPP is part of the Treasury Department's Troubled Asset Relief Program or TARP. Following Hartford's announcement, Moody's Investors Service affirmed the credit ratings of life insurer The Hartford Financial Services Group Inc. and raised its outlook to developing from negative.

Following the announcement of the company's eligibility for participating in the TARP, Ramani Ayer, Chief Executive of The Hartford, sent out an employee memo confirming it will keep its U.S. property/casualty and life businesses. In the memo, Ayer said Hartford will be a

"U.S. centric insurance company, with a focus on our strong portfolio of protection businesses, primarily property and casualty, group benefits and life insurance. We will also continue to operate strong wealth management and retirement businesses, including mutual funds, retirement plans and a restructured annuities business. As a result, we will move forward with both property and casualty and life businesses."

This announcement puts to rest the recent speculation that the company was exploring the potential sale of its property/casualty or life insurance operations in order to strengthen its capital. The company is still moving forward with its plans to restructure its global annuity business and seek out different options for its institutional markets group.

The announcement of Hartford's eligibility to participate in the TARP program, which will allow for more financial flexibility, and the news of Hartford keeping its property/casualty and life business, reinforces Hartford's strong capital position.

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