

# Our Financial Strength



For an insurance and asset management company, there is nothing more important than financial strength. Our customers and shareholders alike must be confident that we will be there regardless of the current economic environment. We take this responsibility very seriously and back it up with our disciplined business practices, sound investment strategies and unique industry expertise.

While various other financial institutions have struggled with their business mix and capital levels, at The Standard, we have maintained our focus on providing excellent customer service while still seeking attractive business opportunities. By approaching our commitments with a long-term perspective, we are able to invest for our customers and build value for our shareholders.

Our balance sheet is the cornerstone of our financial strength and has provided us with a foundation for profitability through a wide range of economic cycles.

## Bond Portfolio

Our bond portfolio is strong. Our strategy is to maintain a diversified portfolio of high-quality, fixed-maturity securities to keep us well-protected if any industry experiences difficulties.

- Average portfolio rating of “A” as measured by Standard & Poor’s
- No preferred or common equities
- No direct exposure to sub-prime or alt-A mortgages
- No credit default swaps, collateralized debt obligations or commercial paper

## Commercial Mortgage Loan Portfolio

Our commercial mortgage loans have consistently provided a superior balance of risk and return. We offer small commercial mortgage loans to borrowers who want a fixed rate over time, and we rigorously underwrite every commercial mortgage loan we make. The quality of our commercial mortgage loans is excellent, and our delinquency rates are very low.

- The average loan-to-value ratio on new loans was 69 percent in the second quarter of 2011
- As of June 30, 2011, the average loan-to-value ratio in our overall commercial mortgage portfolio was 67 percent

## The Standard Stands The Test Of Time

In the July 2011 issue of *Best’s Review*, Standard Insurance Company was recognized for maintaining an “A” rating or higher from A.M. Best Company since 1928. The Standard was honored to be among one of only 11 life/health insurers to consistently achieve an “A” rating or higher for more than 75 years. Given the rapidly evolving markets, changing customer needs and challenging economic times, this is a significant accomplishment. We are proud of this longstanding track record of financial strength.



Greg Ness  
President and CEO

## Standard Insurance Company Financial Strength Ratings

A+ (Strong) by Standard & Poor’s  
5th of 20 rankings

A1 (Good) by Moody’s  
5th of 21 rankings

A (Excellent) by A.M. Best\*  
3rd of 13 rankings

As of July 2011

\* Rating includes The Standard Life Insurance Company of New York.

## StanCorp Financial Group Long Term Senior Debt Ratings

Standard & Poor’s: BBB+

Moody’s: Baa1

A.M. Best: bbb+

As of July 2011

[www.standard.com](http://www.standard.com)

continued on reverse

Our Financial Strength  
13983b (8/11)

## Corporate Profile

StanCorp Financial Group, Inc., through its subsidiaries marketed as The Standard – Standard Insurance Company, The Standard Life Insurance Company of New York, Standard Retirement Services, StanCorp Mortgage Investors, StanCorp Investment Advisers, StanCorp Real Estate and StanCorp Equities – is a leading provider of financial products and services. StanCorp's subsidiaries serve approximately 7.5 million unique customers nationwide as of June 30, 2011, with group and individual Disability insurance, group Life, AD&D, Dental and Vision insurance, absence management services, retirement plans products and services, individual annuities and investment advice.

## Balance Sheet As Of June 30, 2011

<b>Assets</b>	\$ 18.45 billion
<b>Fixed-Maturity Securities</b>	56.7% of invested assets
A or Higher	69.8%
BBB/Baa	25.0%
BB/Ba	3.5%
B or Lower	1.7%
<b>Commercial Mortgage Loans</b>	41.2% of invested assets
60-Day Delinquencies	0.46%
<b>Other</b>	2.1% of invested assets
<b>Portfolio Yields</b>	
Fixed-Maturity Securities	5.19%
Commercial Mortgage Loans	6.41%

## 2010 Segment Data (Dollars In Millions)

<b>Revenues</b>	
Insurance Services	\$ 2,404.7
Asset Management	414.0
Other	<u>(53.6)</u>
Total	\$ 2,765.1

<b>Income Before Income Taxes</b>	
Insurance Services	\$ 313.8
Asset Management	56.8
Other	<u>(87.8)</u>
Total	\$ 282.8

The Standard is a marketing name for StanCorp Financial Group, Inc. and subsidiaries. Insurance products are offered by Standard Insurance Company of Portland, Oregon in all states except New York, where insurance products are offered by The Standard Life Insurance Company of New York of White Plains, New York. Product features and availability vary by state and company, and are solely the responsibility of each subsidiary. Except where indicated, data represents consolidated results for StanCorp Financial Group, a separate entity which is not responsible for the financial condition or obligations of the insurance subsidiaries.