



Moody's Investors Service

Global Credit Research

Rating Action

30 MAR 2009

Rating Action: Hartford Life Global Funding Trust 2004-019

Moody's downgrades The Hartford's senior debt to Baa3; negative outlook

\$6.2 billion of securities affected.

New York, March 30, 2009 -- Moody's Investors Service lowered the credit ratings of The Hartford Financial Services Group, Inc. (The Hartford; NYSE: HIG) and its key operating subsidiaries and continued the negative outlook on the ratings because of expected continued weakness in earnings and reduced capitalization resulting from investment losses and substantial business exposure to variable annuities. Moreover, the risk of further investment losses and diminished earnings beyond our base case expectations is meaningful in view of unsettled markets and deteriorating economic conditions.

The Hartford's long-term senior debt rating was downgraded to Baa3 from Baa1 and the short-term debt rating to P-3 from P-2. In the same action, Moody's downgraded the insurance financial strength (IFS) ratings for the company's lead property and casualty (P&C) to A2 from A1 and life insurance operating subsidiaries to A3 from A1.

Life Insurance:

According to Moody's, the downgrade of the life insurance subsidiaries and the continued negative outlook reflect the entities' diminished stand-alone credit profile due to the potential for further losses from the investment portfolio and the variable annuity business in both the U.S. and Japan, as well as the risk of a deterioration in the company's market position in terms of new business and retention.

The life insurance subsidiaries hold material levels of structured securities relative to capital. "The expectation of higher investment losses for the life insurance subsidiaries is consistent with Moody's recent upward revision to cumulative expected loss rates on a variety of asset backed securities," said Moody's Vice President/ Senior Credit Officer Scott Robinson.

The life insurance subsidiaries also have material exposure to secondary guarantees emanating from their large variable annuity business, which has faced increasing pressure due to declines in equity markets. "If equity markets deteriorate even more, this could have a meaningful impact on capital -- both regulatory capital and economic capital - and profitability at The Hartford vis-à-vis other highly rated insurers," continued Mr. Robinson. In particular, Moody's remains concerned about the volatility of the life insurance subsidiaries' capitalization under various stress scenarios.

The IFS rating reflects the benefit of the capital raise from last October currently retained at the parent level, which is available to support NAIC Risk-Based Capital (RBC) levels at the life companies. The rating agency also noted that the companies' A3 IFS ratings benefit from implicit support of the property & casualty companies. However, the company has noted its intent to not materially decapitalize the property & casualty companies in support of the life operations.

Moody's noted that a further downgrade of the life companies could occur if (1) material additional investment losses were to occur over the next several quarters (e.g., - impairments in the life companies in excess of \$1.5 billion pre-tax), and/or (2) the group fails to address regulatory capital stress associated with the variable annuity business and RBC levels fall below 275%. Conversely, the outlook for the life companies could return to stable if investment losses are moderate, organic capital generation reemerges, and the group addresses regulatory capital volatility.

P&C Insurance:

According to Moody's, the downgrade and negative outlook of the P&C insurance subsidiaries reflects the potential strain associated with its affiliation with and support for the life insurance operations. Moody's notes

that the stand alone credit profile of the P&C operating companies is higher than the public rating, reflective of its strong business profile coupled with its solid core underwriting profitability and reserve adequacy.

"Moody's continues to believe a significant amount of support could be forthcoming from the P&C operations should additional capital be needed by the life operations," said Jeff Berg, Moody's Senior Vice President. "Further deterioration in the stand-alone credit profile of the life companies could therefore result in a further downgrade of the P&C operations," Berg added.

In addition, investment losses in the P&C operating subsidiaries in excess of \$1 billion pre-tax, which would inhibit organic capital generation, could also result in a downgrade. The P&C subsidiaries do not have the same level of investment risk exposure as the life operations; however, the rating agency noted that in addition to structured securities, Hartford P&C has above average holdings relative to other P&C peers in corporate debt and preferred stock -- asset classes likely to see increased defaults during the current economic recession.

Moody's said the outlook for the P&C companies could return to stable if investment losses are moderate and dividends to the parent are less than \$500 million for 2009, thus enabling the P&C companies to retain capital.

The Hartford (holding company):

The downgrade of The Hartford's holding company debt ratings was driven primarily by the credit deterioration of the life insurance subsidiaries, as well as a reduction in financial flexibility.

In addition, while Moody's positively noted The Hartford's 4Q08 capital raise, shareholder dividend reduction, meaningful liquid securities at the holding company, no debt maturities before June 2010, and considerable alternative liquidity (in terms of bank lines and contingent capital facilities), it also noted a continued deterioration in financial flexibility. The group's financial leverage and earnings and cash coverage are expected to deteriorate further and be constrained over the medium term due to potential realized losses and reduced earnings capacity at the operating units.

THE FOLLOWING RATINGS WERE DOWNGRADED AND THE OUTLOOK IS NEGATIVE:

Hartford Financial Services Group, Inc. -- senior long-term unsecured debt to Baa3 from Baa1; junior subordinated notes to Ba1 from Baa2; provisional senior unsecured debt shelf to (P)Baa3 from (P)Baa1; provisional subordinated debt shelf to (P)Ba1 from (P)Baa2; provisional preferred shelf to (P)Ba2 from (P)Baa3; short-term rating for commercial paper to Prime-3 from Prime-2

Hartford Capital III - preferred stock to Ba1 from Baa2;

Hartford Capital IV -- provisional preferred shelf to (P)Ba1 from (P)Baa2;

Hartford Capital V -- provisional preferred shelf to (P)Ba1 from (P)Baa2;

Hartford Capital VI -- provisional preferred shelf to (P)Ba1 from (P)Baa2;

Hartford Life, Inc. -- senior long-term unsecured debt to Baa3 from Baa1;

Glen Meadow Pass-Through Trust -- senior secured debt to Ba1 from Baa2;

Hartford Life & Accident Insurance Company -- insurance financial strength to A3 from A1;

Hartford Life Insurance Company -- insurance financial strength to A3 from A1; short-term insurance financial strength to Prime-2 from Prime-1; senior unsecured medium term note program to Baa1 from A2;

Hartford Life & Annuity Insurance Company -- insurance financial strength to A3 from A1;

Hartford Life Global Funding Trusts--senior secured funding agreement-backed notes to A3 from A1;

Hartford Life Institutional Funding -- senior secured funding agreement-backed notes to A3 from A1;

Hartford Fire Insurance Company -- insurance financial strength to A2 from A1;

Hartford Accident & Indemnity Co. -- insurance financial strength to A2 from A1;

Hartford Casualty Insurance Co. -- insurance financial strength to A2 from A1;

Trumbull Insurance Company -- insurance financial strength to A2 from A1;

Hartford Insurance Company of Illinois -- insurance financial strength to A2 from A1;

Hartford Insurance Company of Midwest -- insurance financial strength to A2 from A1;

Hartford Insurance Company of Southeast -- insurance financial strength to A2 from A1;

Hartford Lloyd's Insurance Company -- insurance financial strength to A2 from A1;

Hartford Underwriters Insurance Company -- insurance financial strength to A2 from A1;

Nutmeg Insurance Company -- insurance financial strength to A2 from A1;

Pacific Insurance Company, Limited -- insurance financial strength to A2 from A1;

Property & Casualty Insurance Company of Hartford -- insurance financial strength to A2 from A1;

Sentinel Insurance Company -- insurance financial strength to A2 from A1;

Twin City Fire Insurance Company -- insurance financial strength to A2 from A1.

The Hartford is an insurance and financial services organization that offers a wide variety of property and casualty as well as life and annuity insurance products through its insurance operating subsidiaries. For the year ended December 31, 2008, The Hartford reported revenues of \$9.2 billion and a net loss of \$2.7 billion. As of December 31, 2008, shareholders' equity was \$9.3 billion.

The last rating action occurred on February 6, 2009 when Moody's downgraded the senior debt rating of The Hartford to Baa1 from A3.

The principal methodologies used in rating The Hartford are "Moody's Global Rating Methodology for Property and Casualty Insurers" and "Moody's Global Rating Methodology for Life Insurers", which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating The Hartford can also be found in the Credit Policy & Methodologies directory.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to pay punctually senior policyholder claims and obligations.

Visit Moody's website at www.moodys/insurance.com for more information.

New York
Jeffrey S. Berg
Senior Vice President
Financial Institutions Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Scott Robinson
VP - Senior Credit Officer
Financial Institutions Group

Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S (MIS) CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

© Copyright 2009, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."