Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures in the consolidated financial statements. Management considers an accounting estimate to be critical if:

• it requires assumptions to be made that were uncertain at the time the estimate was made; and

• changes in the estimate or different estimates that could have been selected could have a material effect on the Company's consolidated results of operations or financial condition.

Management has discussed the development and selection of its critical accounting estimates with the Audit Committee of the Company's Board of Directors and the Audit Committee has reviewed the disclosures presented below.

In addition to the estimates presented in the following table, there are other accounting estimates used in the preparation of the Company's consolidated financial statements, including estimates of liabilities for future policy benefits, as well as estimates with respect to unpaid claims and claim expenses, postemployment and postretirement benefits other than pensions, certain compensation accruals, and income taxes.

As explained further in Note 25 to the Consolidated Financial Statements, effective February 4, 2013, the Company entered into an agreement to reinsure 100% of the Company's GMDB and GMIB businesses, net of retrocessional arrangements in place prior to February 4, 2013, up to a specified limit. As a result, the Company will no longer consider liabilities associated with these contracts to be a critical accounting estimate because changes in these estimates are not expected to have a material effect on the Company's consolidated results of operations or financial condition.

Management believes the current assumptions used to estimate amounts reflected in the Company's consolidated financial statements are appropriate. However, if actual experience differs from the assumptions used in estimating amounts reflected in the Company's consolidated financial statements, the resulting changes could have a material adverse effect on the Company's consolidated results of operations, and in certain situations, could have a material adverse effect on the Company's liquidity and financial condition.

See Note 2 to the Consolidated Financial Statements for further information on significant accounting policies that impact the Company.

Balance Sheet Caption / Nature of Critical Accounting Estimate	Effect if Different Assumptions Used
Goodwill At the acquisition date, goodwill represents the excess of the cost of businesses acquired over the fair value of their net assets. The Company evaluates goodwill for impairment at least annually during the third quarter at the reporting unit level, based on discounted cash flow analyses and writes it down through results of operations if impaired. Discounted cash flow analyses use assumptions and estimates including discount rates and projections of future earnings considering operating plans, revenues, claims, operating expenses, taxes, capital levels and long-term growth rates. Goodwill as of December 31 was as follows (in millions): • **2012 – $6,001** • 2011 – $3,164 See Notes 2 (H) and 9 to the Consolidated Financial Statements for additional discussion of the Company's goodwill.	If the Company does not achieve its earnings objectives or its cost of capital rises significantly, the assumptions and estimates underlying these impairment evaluations could be adversely affected and result in impairment charges that would negatively impact the Company's operating results. The fair value estimates of the Company's reporting units could decrease by 40% to 80% before an indication of impairment of goodwill occurs. This potential outcome is estimated during the Company's annual testing process, by determining the magnitude of changes to certain assumptions and estimates necessary for the estimated fair value of a reporting unit to approach its carrying value.