NAIC National Association of Insurance Commissioners & The Center for Insurance Policy and Research

Capital Markets Special Report

The **NAIC's Capital Markets Bureau** monitors developments in the capital markets globally and analyzes their potential impact on the investment portfolios of US insurance companies. A list of archived Capital Markets Bureau Special Reports is available via the **index**

Year-End 2016 U.S. Insurance Industry's Exposure to the Financial Sector

Analyst: Jean-Baptiste Carelus

This special report provides an update to the NAIC Capital Markets Bureau Special Report titled *Update on the U.S. Insurance Industry's Exposure to the Financial Sector*, published on July 29, 2016. This update presents the U.S. insurance industry's corporate bond and equity exposure to banks, diversified financial services and insurance in the U.S. and Europe as of year-end 2016. The report also includes non-U.S. domiciled financial sector exposure, a review of trends in the financial sector and exposure to derivatives counterparties. As of year-end 2016, U.S. insurers reported exposure to financial sector bonds and stocks with a book/adjusted carrying value (BACV) of $405.7 billion, which includes $331.2 billion in bonds and $74.5 billion in unaffiliated preferred and common stock. In comparison, as of year-end 2015, U.S. insurers had a total of approximately $417.1 billion in financial sector bonds and unaffiliated stocks.

Financial Sector Corporate Bonds

The BACV of U.S. insurer exposure to financial sector bonds was 12.9% of total corporate bond exposure (and 8.1% of total bond exposure) as of year-end 2016. Exposure to financial sector bonds increased 1.1% to $331.2 billion at year-end 2016, from $327.5 billion at year-end 2015. (See Table 1 and Table 2.) Life companies were the largest holders of financial sector bonds at $231.7 billion, or 70% of the industry's total financial institutions' bond exposure at year-end 2016, compared to about $232 billion at year-end 2015. Property/casualty (P/C) companies, with the second largest bond exposure to the sector, reported an increase of 4.5% year-over-year (YOY), to $77.7 billion at year-end 2016 from $74.4 billion in 2015.

Table 1: Year–End 2016 U.S. Insurer Financial Sector Bond Exposure (BACV, $ Mil.)

	Life	P/C	Health	Fraternal	Title	Total
Banks	130,705	54,968	8,874	3,864	390	198,801
Diversified Financial Services	45,053	14,476	2,121	2,253	160	64,064
Insurance	55,936	8,278	1,389	2,587	109	68,300
Total	231,695	77,722	12,385	8,704	659	331,165
% of Total Insurance Industry Financial Sector Corporate Bond Exposure	70.0%	23.5%	3.7%	2.6%	0.2%	100.0%
% of Total Insurance Industry Corporate Bond Exposure (By Statement Type)	13.2%	22.3%	31.1%	12.4%	22.7%	12.9%

Table 2: Year–End 2015 U.S. Insurer Financial Sector Bond Exposure (BACV, $ Mil.)

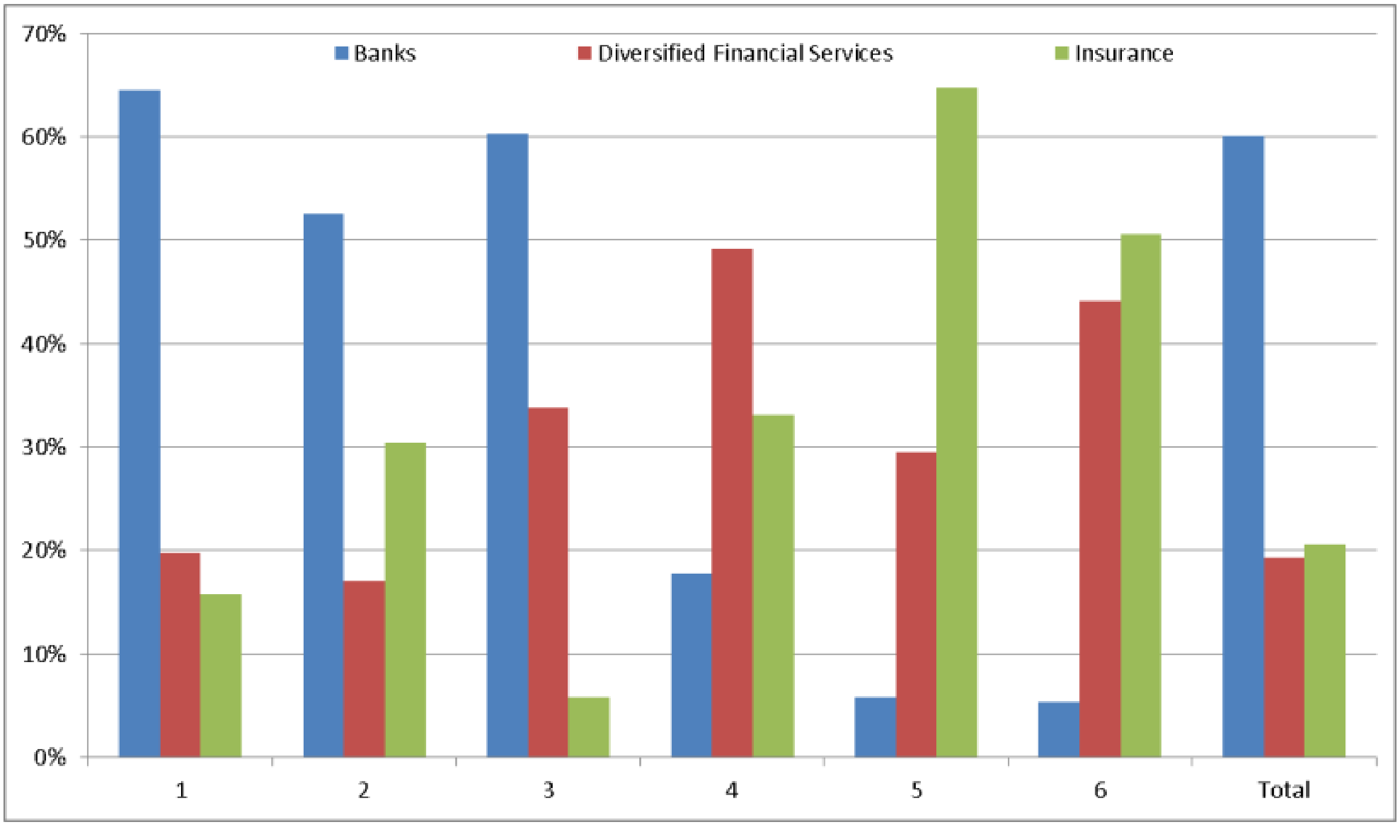
	Life	P/C	Health	Fraternal	Title	Total
Banks	132,679	53,603	8,826	3,854	381	199,343
Diversified Financial Services	38,071	10,390	1,654	1,830	102	52,047
Insurance	61,269	10,360	1,755	2,556	132	76,073
Total	232,019	74,353	12,235	8,240	616	327,463
% of Total Insurance Industry Financial Sector Corporate Bond Exposure	70.9%	22.7%	3.7%	2.5%	0.2%	100.0%
% of Total Insurance Industry Corporate Bond Exposure (By Statement Type)	13.8%	22.4%	35.2%	12.4%	21.7%	15.5%

Also as shown in Table 1, as of year-end 2016, bonds issued by banks remain the largest component of financial sector exposure at 60% of the industry's total financial sector bonds, or $198.8 billion. In comparison, bonds issued by banks were 60.9% and 61.5% of U.S. insurers' total exposure to financial sector bonds, in 2015 and 2014, respectively—relatively unchanged. As of year-end 2016, exposure to the insurance sector was the second largest component of U.S. insurers' financial institutions' bond exposure at $68.3 billion, representing a decrease of 10.2%, from $76.1 billion at year-end 2015. U.S. insurer exposure to diversified financial services increased 23% YOY to $64.1 billion at year-end 2016 from $52 billion in 2015.

Credit Quality Distribution

As of year-end 2016, about 96.7% of financial sector bond exposure was deemed investment grade based on assigned NAIC 1 or NAIC 2 designations (see Chart 1), which was slightly higher than 95.9% reported in 2015. The percentage of bonds with an investment grade designation was between 96% and 98% of insurance industry financial sector bond exposure for each insurer type, unchanged from 2015 and 2014. U.S. insurer exposure to financial sector bonds designated NAIC 5 and NAIC 6 was less than half a percentage point of total insurer exposure to financial sector bonds at year-end 2016.

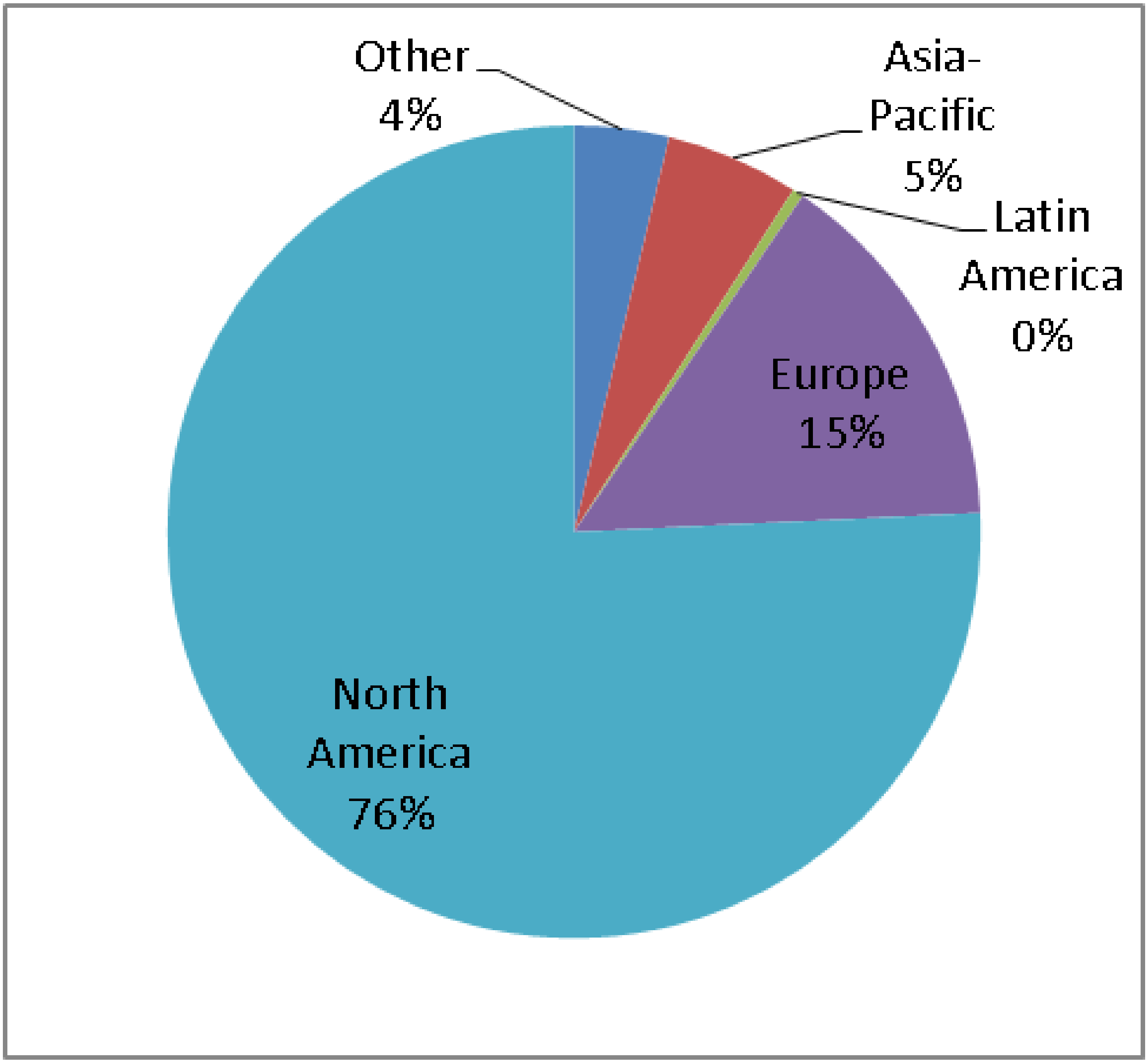
Chart 1: Year–End 2016 NAIC Designation of U.S. Insurer Financial Sector Bond Exposure



Geographic Distribution

U.S. insurers' exposure to financial sector bonds remains highly concentrated in North America at 75.7% of the total, or $250.8 billion, at year-end 2016 (see Chart 2), which was a slight decrease from 76.4% in 2015. The majority of the exposure (about 95%) was in the U.S. ($238.1 billion), followed by 4.8% in Canada ($12.1 billion). Exposure to European financial sector bonds decreased to $48.9 billion at year-end 2016 from $54.3 billion as of year-end 2015—a decrease in concentration to 15% of total financial sector bond exposure from 16.6%.

Chart 2: Year–end 2016 Geographic Distribution of U.S. Insurer Financial Sector Bond Exposure



Five European countries, including the United Kingdom (UK) ($16.9 billion), Netherlands, Switzerland, France and Sweden, accounted for 98% of the industry's total European financial sector bond exposure. (See Table 3.)

Table 3: Year–End 2016 European Geographic Distribution of U.S. Insurer Financial Sector Bond Exposure (BACV, $ Mil.)

Country	Total	Pct of Total
United Kingdom	16,864	34.5%
Netherlands	7,996	16.4%
Switzerland	5,790	11.9%
France	5,573	11.4%
Sweden	4,697	9.6%
Ireland	3,235	6.6%
Jersey	1,577	3.2%
Germany	1,379	2.8%
Norway	587	1.2%
Spain	332	1%
Total	**48,032**	**98%**

Maturity Distribution

As of year-end 2016, U.S. insurers' exposure to financial sector bonds with maturities of five years or less was $181.1 billion, or 55% of the total. (See Table 4.) This trend implies insurers' preference for relatively short maturities in the financial sector, perhaps due to its cyclicality (i.e., affected by economic growth and downturns).

Table 4: Year–End 2016 Maturity Distribution of U.S. Insurer Financial Sector Bond Exposure

Industry Name	1 yr or Less	2 yrs to 5 yrs	6 yrs to 10 yrs	11 yrs to 20 yrs	Greater than 20 yrs	Total
Life						
Banks	24,686	40,376	42,718	9,149	13,777	130,705
Diversified Financial Services	11,739	15,322	7,118	7,219	3,656	45,053
Insurance	5,166	12,109	9,454	12,884	16,323	55,936
Total Life	**41,591**	**67,806**	**59,290**	**29,252**	**33,756**	**231,695**
	18%	**29%**	**26%**	**13%**	**15%**	**100%**
P/C						
Banks	18,394	21,664	11,841	717	2,351	54,968
Diversified Financial Services	6,150	5,758	1,695	522	351	14,476
Insurance	1,801	3,202	1,808	502	966	8,278
Total P/C	**26,345**	**30,623**	**15,344**	**1,742**	**3,668**	**77,722**
	34%	**39%**	**20%**	**2%**	**5%**	**100%**
Health						
Banks	4,170	2,942	1,347	149	266	8,874
Diversified Financial Services	1,078	752	174	75	43	2,121
Insurance	450	495	264	45	135	1,389
Total Health	**5,699**	**4,189**	**1,785**	**269**	**444**	**12,385**
	46%	**34%**	**14%**	**2%**	**4%**	**100%**
Fraternal						
Banks	780	1,216	1,382	287	199	3,864
Diversified Financial Services	660	753	402	305	133	2,253
Insurance	337	576	585	537	551	2,587
Total Fraternal	**1,778**	**2,546**	**2,368**	**1,129**	**883**	**8,704**
	20%	**29%**	**27%**	**13%**	**10%**	**100%**
Title						
Banks	162	152	48	4	25	390
Diversified Financial Services	89	54	10	5	2	160
Insurance	23	41	12	12	22	109
Total Title	**274**	**246**	**69**	**21**	**49**	**659**
	42%	**37%**	**11%**	**3%**	**7%**	**100%**
Total						
Banks	48,193	66,349	57,336	10,307	16,617	198,801
Diversified Financial Services	19,716	22,638	9,399	8,126	4,185	64,064
Insurance	7,778	16,422	12,122	13,980	17,997	68,300
Financial Sector - Total	**75,687**	**105,409**	**78,857**	**32,413**	**38,799**	**331,165**
	23%	**32%**	**24%**	**10%**	**12%**	**100%**

The distribution of maturities across financial sector bonds held by U.S. insurers was broad but aligned with each industry's respective liability profile. For example, health companies accounted for the largest exposure to financial sector bonds with maturities of 10 years or less, at 94%; bonds with short maturities (i.e., five years or less) comprised 80%. Life companies had the lowest concentration of maturities in the 10-year or less range at 73%, with short maturities accounting for 47%, and exposure to maturities greater than 10 years at 27%.

Year-end 2016 maturity distribution of U.S. insurers' exposure to financial sector bonds has demonstrated a shift to shorter maturities from year-end 2015 exposure. With exposure mainly concentrated in bonds of 10 years or less (which represented 78.5% of total financial sector bond exposure), as interest rates rise, U.S. insurers will be able to reinvest proceeds of maturing financial sector bonds into higher yielding bonds, thereby minimizing duration risks.

Financial Sector Equity Investments

As of year-end 2016, unaffiliated financial sector preferred and common stock totaled $74.6 billion (see Table 5 and Table 6, respectively), a decrease from $89.6 billion in 2015, and it was about 24% of total unaffiliated preferred and common stock.

Table 5: Year–End 2016 U.S. Insurer Financial Sector Unaffiliated *Preferred* Stock Exposure (BACV, $ Mil.)

Industry Name	Life	P/C	Title	Fraternal	Health	Total	Pct of Total
Banks	2,409	2,249	236	209	131	5,234	78%
Diversified Financial Services	208	235	17	4	19	482	7%
Insurance	704	210	8	16	18	957	14%
Total	3,321	2,694	262	229	167	6,673	100%
Pct of Total	50%	40%	4%	3%	3%	100%	

Table 6: Year–End 2016 U.S. Insurer Unaffiliated Financial Sector *Common* Stock Exposure (BACV, $ Mil.)

Industry Name	P/C	Life	Health	Fraternal	Title	Total	Pct of Total
Banks	45,738	1,736	557	233	9	48,273	71%
Diversified Financial Services	12,832	336	162	80	4	13,414	20%
Insurance	5,127	664	312	62	25	6,190	9%
Total	63,697	2,736	1,031	375	38	67,876	100%
Pct of Total	94%	4%	2%	1%	0%	100%	

P/C companies accounted for the majority of the U.S. insurance industry's exposure to total financial sector unaffiliated preferred and common stock at $66.4 billion, or about 89% of total unaffiliated stock exposure. Life companies followed, at about 8% of total unaffiliated stock exposure.

Largest Single-Name Exposures

Table 7 shows the largest 15 single-name exposures in the U.S. insurance industry's financial sector bond, preferred and common stock exposures as of year-end 2016. Wells Fargo was the largest single name exposure, with BACV of about $42 billion, followed by American Express Co., with BACV of about $15.5 billion.

Only three of the U.S. insurance industry's largest single-name exposures out of the top 15 are *not* recognized as systemically important financial institutions (SIFIs): GE Capital, MetLife and AIG. Effective September 2017, AIG was released from SIFI designation following the sale of several subsidiaries. GE Capital was also released from SIFI designation following the sale of significant portions of the financing unit, while MetLife obtained a release through litigation. Not being designated as a SIFI lowers the capital and regulatory requirement of a financial institution and, thereby, more capital is available to conduct their business.

Table 7: Year–End 2016 U.S. Insurer Largest Single-Name Financial Sector Exposures (BACV, $ Mil.)

	Bonds	Preferred	Common	Total
Wells Fargo	11,743	30	30,180	41,954
American Express Co.	4,159	51	11,267	15,477
JPMorgan Chase	12,941	277	1,655	14,873
Bank of America	13,368	284	573	14,224
Goldman Sachs	10,329	217	3,141	13,687
U.S. Bancorp	5,065	612	6,008	11,685
Morgan Stanley	10,701	251	216	11,167
Citigroup	9,565	174	549	10,289
GE Capital	8,761	40	0	8,801
HSBC	7,738	61	47	7,846
PNC	6,430	347	350	7,127
Bank of New York Mellon	5,253	184	877	6,315
MetLife	4,322	40	263	4,625
Capital One	3,944	120	115	4,180
AIG	3,450	-	161	3,611
Largest 15 Single Names	117,770	2,688	55,402	175,861
Pct of Total	36%	40%	82%	45%
Others Total	213,395	3,985	12,474	218,297
Others Pct of Total	64%	60%	18%	55%

The largest-15 single-name exposures accounted for 45% of the industry's total financial sector bonds, unaffiliated preferred and common stocks, for a total of $175.9 billion. The unaffiliated common stock exposure was highly concentrated in the largest 15 names at 82%.

Counterparty Exposure

U.S. insurers—predominantly life and P/C companies—reported exposure to financial sector counterparties in derivative transactions with a BACV of about $31 billion as of year-end 2016. (See Table 8.) The total consists of exposure net of collateral and potential exposure. Exposure net of collateral is the BACV of exposure after subtracting the value of posted collateral. The NAIC *Annual Statement Instructions* defines potential exposure as "... a statistically derived measure of the potential increase in derivative instrument risk exposure ... ." In addition, according to the NAIC *Annual Statement Instructions*, "Counterparty exposure to any one counterparty is the exposure to credit risk associated with the use of derivative instruments with that counterparty."

Table 8: Year–End 2016 U.S. Insurer Counterparty Exposure (BACV, $ Mil.)

Insurer Type	Exposure Net of Collateral	Potential Exposure	Total Exposure	Pct of Total Exposure
Life	4,307	25,355	29,662	95%
P/C	148	1,281	1,429	5%
Others	122	8	130	0%
Total	4,577	26,644	31,221	100%

As shown in Table 9, the 10 largest counterparty exposures reported by U.S. insurers at year-end 2016 accounted for $27.2 billion, or 87% of total counterparty exposure. The main risk in any multiparty transaction is that the counterparty may not be able to perform its obligation (a breach of obligation) as required under the transaction. A breach of obligation by the counterparty is a default after any stipulated time frame to perform as obligated (cure period). The non-defaulting party may experience a partial or complete loss of value from the default. As it relates to U.S. insurers, losses due to a counterparty default may reduce the insurer's available capital, thereby increasing liquidity risk.

Table 9: Year–End 2016 U.S. Insurer Largest 10 Counterparty Credit Risk Exposure (BACV, $ Mil.)

Counterparty	Exposure Net of Collateral	Potential Exposure	Total Exposure
Goldman Sachs	460	3,241	3,701
Citigroup	142	3,428	3,570
Pru Global Fund	933	2,409	3,341
Bank of America	64	3,059	3,123
Deutsche Bank AG	310	2,615	2,925
Morgan Stanley	165	2,712	2,877
JPMorgan Chase	363	2,347	2,710
Barclays plc	482	1,645	2,127
Credit Suisse	61	1,691	1,752
AIG	406	693	1,099
Largest 10 Exposure Total	3,387	23,839	27,226
Largest 10 Pct of Total	74%	89%	87%
Others Total	1,190	2,805	3,995
Others Pct of Total	26%	11%	13%

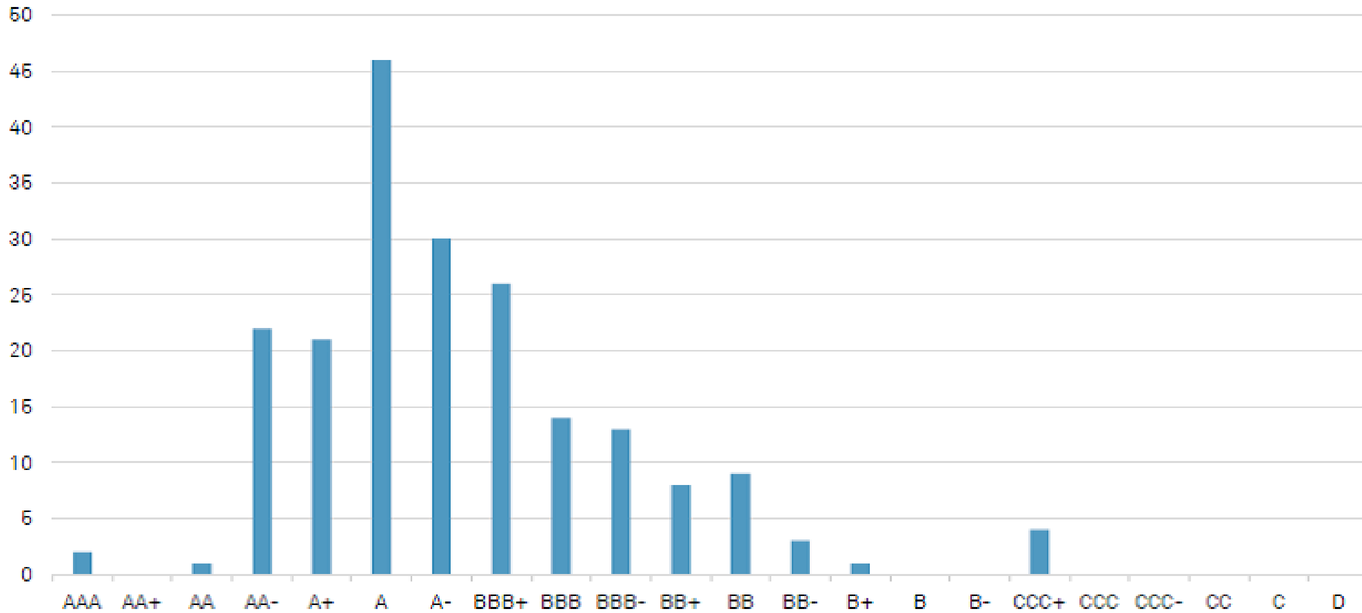
Key Financial Sector Trends

Banks

Standard & Poor's (S&P) Global Ratings report, titled "Global Financial Services Outlook 2018: Uncomfortably Numb," published on Dec. 12, 2017 states that the Financial Services Outlook is at least

Stable to Positive for about 83% of its North American-rated banks, 15% have a Negative Outlook, and 2% are on CreditWatch Negative. About 87.5% of the top 200 banks globally (as determined by S&P) are rated investment grade (See Chart 3.) Only one U.S. bank and 24 non-U.S. banks included in the top 200 global banks are rated below investment grade.

Chart 3: Rating Distribution of Top 200 Banks Globally – Operating Company Issuer Credit Rating (ICR)



Source: S&P Global Ratings

Insurance

S&P believes that global insurance ratings will be stable in 2018 despite the currently low (but rising) interest rate environment and slow premium growth. None of the top 150 U.S.-domiciled insurers rated by S&P are below investment grade. Life insurers offering guaranteed return products are particularly affected in a prolonged low rate environment, which has existed since the financial crisis, because with heavy exposure to bonds, low rates translate to lower returns. S&P stated that the possibility of a U.S. exit from, or change to the North American Free Trade Agreement (NAFTA), or a disorderly Brexit, may negatively affect economic conditions in Latin America, the UK, and the European Union (EU), lowering premium growth for global insurers and increasing asset price volatility.

Moody's Investors Services (Moody's) published a report titled, "Life Insurance – Global: 2018 Outlook," which stated that its 2018 U.S. insurer Outlook is Stable given insurers have adjusted to the low interest rate environment, and currently, the capital markets are entering a rising rate environment, along with having strong capitalization and growing economic activity. In its Outlook, Moody's also highlighted changes specifically made by life companies, such as offering less interest-sensitive products and reducing operating expenses.

Non-Bank Financial Institutions

Diversified financial services are non-bank and non-insurance company financial institutions such as asset managers, asset-backed lenders, broker-dealers and exchanges. The rating opinions for this sector from the credit rating agencies mainly focus on asset managers and asset-backed lenders. Moody's has a Stable Outlook on asset management due to the development of new products intended to slow the flow of investors to index funds, additional service not susceptible to fee compression and rising demand from global economic expansion. The Outlook could change to positive if there is improvement in active performance relative to passive products or a decrease in investor appetite for passive products. Moody's also highlights that increasing fee compression from elevated outflows to passive products, market correction, and new regulatory disclosures related to fees and relative performance could lead to a Negative Outlook for the industry.

U.S. Market Financial Sector Performance

Financial Institutions Bond Ratings

In 2016, a record-breaking $1.3 trillion in investment grade bonds were issued (about 794 deals); financial sector issuers accounted for 240 of the total, or about 30%—the largest among all sectors according to S&P.

Wells Fargo & Company (the largest single-name exposure for U.S. insurers at year-end 2016) was downgraded to A-/Stable from A/Negative because of a "prolonged regulatory and governance issue." S&P further stated "reputational issues" at Wells Fargo were not compatible with its prior rating. Bank of America Corp (the fourth largest single-name exposure for U.S. insurers at year-end 2016), however, was upgraded to A-/Stable from BBB+/Stable. A Stable Outlook indicates that a rating will likely not change over the following one- to two-year period, whereas a Negative Outlook indicates a likely downgrade over the same period. S&P expects the factors that supported financial institutions rating trends in 2017 to continue in 2018; continued global growth, stable financial conditions, and central banks remain cautious.

No U.S. financial institution (including banks or insurance companies) with an S&P rating in 2016 experienced a default according to S&P's "2016 Annual Global Corporate Default Study and Rating Transitions," published on April 13, 2017. Also, according to S&P, the default rate for European financial corporate issuers is expected to remain at about 2% through June 2018 based on credit-related and macroeconomic factors.

Financial Institutions Equity Performance

The equity market (represented by the S&P 500 Index, or S&P 500) ended 2017 up 21.83% following a total return of 11.96% in 2016. With continuing global economic growth leading a potential acceleration of inflation, central banks may increase rates at a much faster pace than anticipated in 2017. Rising interest rates resulting in higher bond yields put downward pressure on equity prices, as experienced so far through March 2018. Despite a scenario of falling equity values, equity strategists do not expect the S&P 500 to close 2018 with negative returns but rather with a low, single-digit total return. The S&P 500 financials sector was up about 6% year-to-date (YTD) as of March 9, 2018, with an annual return of about 19.8%. Despite the volatility in the broader S&P 500, financial sector stocks were up 2.8% month-to-date (MTD) as of March 9, 2018.

Summary

U.S. insurer exposure to financial sector bonds was 14.9% of the industry's total corporate bond exposure, while financial sector unaffiliated preferred and common stocks were 10% of the industry's total stock exposure at year-end 2016. This compares fairly consistently in terms of percentage with year-end 2015. Banks remain the U.S. insurance industry's largest exposure among bonds within the financial sector at 60% of total financial sector exposure, followed by insurers (21%) and diversified financial services (19%). About 97% of the industry's financial sector corporate bonds have been investment grade since at least the first half of 2014, and they remained so as of year-end 2016. There was a slight increase in NAIC 1-designated financial sector bonds at 62% of total investment grade exposure at year-end 2016, from 60% at year-end 2015.The outlook for the financial sector (according to rating agencies) is stable owing to a decrease in return guarantee products and rising yields as the global economy experiences continued growth.

The current U.S. emphasis on regulatory rollback in the financial sector, such as the possible overhaul of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), could result in favorable benefits for banks. For example, banks will have access to assets that would have otherwise been held for reserve but can now be lent contributing to earnings. While the final outcome of Brexit negotiations is unknown, the impact to U.S. insurers from a negative outcome should be minimal as total exposure to EU and UK financial sector bonds was $48.9 billion, or less than 1% of total cash and invested assets as of year-end 2016.

The NAIC Capital Markets Bureau will continue to monitor financial sector exposure and publish additional research as deemed appropriate.

April 6, 2018 Major Insurer Share Prices			**Change %**			**Prior**		
		Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Life	Aflac	$43.37	(0.9)	(0.9)	(1.2)	$43.76	$43.76	$43.89
	Ameriprise	141.31	(4.5)	(4.5)	(16.6)	147.94	147.94	169.47
	Genworth	2.75	(2.8)	(2.8)	(11.6)	2.83	2.83	3.11
	Lincoln	69.16	(5.3)	(5.3)	(10.0)	73.06	73.06	76.87
	MetLife	45.27	(1.4)	(1.4)	(10.5)	45.89	45.89	50.56
	Principal	59.61	(2.1)	(2.1)	(15.5)	60.91	60.91	70.56
	Prudential	102.33	(1.2)	(1.2)	(11.0)	103.55	103.55	114.98
	UNUM	46.59	(2.1)	(2.1)	(15.1)	47.61	47.61	54.89
PC	Axis Capital	57.13	(0.8)	(0.8)	13.7	57.57	57.57	50.26
	Allstate	95.90	1.2	1.2	(8.4)	94.80	94.80	104.71
	Arch Capital	85.41	(0.2)	(0.2)	(5.9)	85.59	85.59	90.77
	Cincinnati	73.00	(1.7)	(1.7)	(2.6)	74.26	74.26	74.97
	Chubb	134.13	(1.9)	(1.9)	(8.2)	136.77	136.77	146.13
	Everest Re	254.25	(1.0)	(1.0)	14.9	256.82	256.82	221.26
	Progressive	60.04	(1.5)	(1.5)	6.6	60.93	60.93	56.32
	Travelers	137.25	(1.2)	(1.2)	1.2	138.86	138.86	135.64
	WR Berkley	72.20	(0.7)	(0.7)	0.8	72.70	72.70	71.65
	XL	55.35	0.2	0.2	57.4	55.26	55.26	35.16
Other	AON	$138.20	(1.5)	(1.5)	3.1	$140.33	$140.33	$134.00
	AIG	53.60	(1.5)	(1.5)	(10.0)	54.42	54.42	59.58
	Assurant	89.54	(2.0)	(2.0)	(11.2)	91.41	91.41	100.84
	Fidelity National	38.52	(3.7)	(3.7)	(1.8)	40.02	40.02	39.24
	Hartford	51.12	(0.8)	(0.8)	(9.2)	51.52	51.52	56.28
	Marsh	80.72	(2.3)	(2.3)	(0.8)	82.59	82.59	81.39
Health	Aetna	$170.38	0.8	0.8	(5.5)	$169.00	$169.00	$180.39
	Cigna	167.82	0.0	0.0	(17.4)	167.74	167.74	203.09
	Humana	283.73	5.5	5.5	14.4	268.83	268.83	248.07
	United	223.96	4.7	4.7	1.6	214.00	214.00	220.46
Monoline	Assured	$37.24	2.9	2.9	9.9	$36.20	$36.20	$33.87
	MBIA	9.23	(0.3)	(0.3)	26.1	9.26	9.26	7.32
	MGIC	12.82	(1.4)	(1.4)	(9.1)	13.00	13.00	14.11
	Radian	19.14	0.5	0.5	(7.1)	19.04	19.04	20.61
	XL Capital	55.35	0.2	0.2	57.4	55.26	55.26	35.16

April 6, 2018 Major Market Variables	Close	Change % Week	QTD	YTD	Prior Week	Quarter	Year
Dow Jones Ind	23,932.76	(0.7)	(0.7)	(3.2)	24,103.11	24,103.11	24,719.22
S&P 500	2,604.47	(1.4)	(1.4)	(2.6)	2,640.87	2,640.87	2,673.61
S&P Financial	450.91	(1.4)	(1.4)	(2.8)	457.53	457.53	463.94
S&P Insurance	384.38	(1.5)	(1.5)	(4.4)	390.30	390.30	402.08
US Dollar $		Change %			Prior		
/ Euro	$1.23	(0.3)	(0.3)	2.4	$1.23	$1.23	$1.20
/ Crude Oil bbl	61.97	(4.6)	(4.6)	3.1	64.94	64.94	60.11
/ Gold oz	1,332.20	0.7	0.7	2.1	1,322.80	1,322.80	1,305.20
Treasury Ylds %	%	Change bp			%	%	%
1 Year	2.05	(0.04)	(0.04)	0.31	2.10	2.10	1.75
10 Year	2.78	0.03	0.03	0.37	2.74	2.74	2.41
30 Year	3.02	0.04	0.04	0.28	2.98	2.98	2.74
Corp Credit Spreads -bp		Change %			Prior		
CDX IG	65.37	(0.3)	(0.3)	33.4	65.56	65.56	49.02

April 6, 2018
Major Insurer Bond Yields

	Company		Coupon	Maturity	Weekly Change: Price Current	Price Change	Yield	Spread over UST B.P.	Spread over UST Change	YTD Spread Change
Life	Ameriprise	AMP	3.700%	10/15/2024	$101.31	($0.09)	3.47%	77	(1)	13
	Lincoln National	LNC	3.350%	3/9/2025	$98.28	($0.14)	3.63%	89	1	6
	MassMutual	MASSMU	3.600%	4/9/2024	$101.23	($0.30)	3.37%	68	3	13
	MetLife	MET	4.050%	3/1/2045	$96.45	$0.55	4.27%	128	(7)	25
	New York Life	NYL	2.350%	7/14/2026	$92.13	$0.06	3.45%	69	(4)	11
	Pacific Life	PACLIF	5.125%	1/30/2043	$108.18	($1.24)	4.57%	160	5	4
	Principal	PFG	6.050%	10/15/2036	$122.30	($0.67)	4.29%	136	1	13
	Prudential	PRU	4.600%	5/15/2044	$106.03	$0.49	4.22%	124	(7)	17
	Allstate	ALL	4.500%	6/15/2043	$105.83	($0.91)	4.13%	113	0	14
	Berkshire Hathaway	BRK	4.300%	5/15/2043	$105.39	$0.17	3.96%	99	(5)	9
	Travelers	TRV	4.600%	8/1/2043	$108.96	($0.11)	4.03%	106	(4)	9
	XL Group	XL	6.250%	5/15/2027	$115.04	($0.43)	4.24%	145	3	4
Other	AON	AON	4.250%	12/12/2042	$96.08	($0.72)	4.51%	152	1	13
	AIG	AIG	6.820%	11/15/2037	$126.45	$0.45	4.73%	177	(7)	18
	Hartford	HIG	4.300%	4/15/2043	$100.20	($0.01)	4.29%	130	(6)	15
	Nationwide	NATMUT	5.300%	11/18/2044	$109.79	($1.32)	4.65%	165	3	21
Health	Aetna	AET	6.750%	12/15/2037	$129.99	($0.03)	4.45%	151	(5)	11
	CIGNA	CI	6.150%	11/15/2036	$118.47	($0.76)	4.65%	173	2	36
	United Healthcare	UNH	4.750%	7/15/2045	$110.19	$0.03	4.12%	112	(5)	16

Questions and comments are always welcome. Please contact the Capital Markets Bureau at **CapitalMarkets@naic.org**.

The views expressed in this publication do not necessarily represent the views of NAIC, its officers or members. NO WARRANTY IS MADE, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS,