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**

Foreign Exposure in the U.S. Insurance Industry – Update

On October 14, 2011, the Capital Markets Bureau published a Special Report titled, "Foreign Exposure in the Insurance Industry," which provided an overview of the U.S. insurance industry's exposure to foreign entities as of June 30, 2011, with a particular focus on the European Union (EU). Since then, the capital markets have continued to experience volatility due to a slow economic recovery within the United States and the ongoing debt crisis in Europe. This special report is an update to the aforementioned published report, focusing on foreign exposure within the U.S. insurance industry as of June 30, 2012.

As of June 30, 2012, the U.S. insurance industry had $642.2 billion in total direct foreign exposure on a book/adjusted carrying value (BACV) basis, representing 12.3% of insurers' total cash and invested assets. These foreign holdings include investments in bonds, common stock, preferred stock and replications. Furthermore, approximately $131.0 billion (or 20%) of these foreign holdings were denominated in a foreign currency.

Foreign exposure is defined as any entity that is domiciled outside of the United States. It excludes some of the structured securities that are technically domiciled in foreign countries (such as Bermuda, Cayman Islands and Ireland) for legal and tax reasons, but where there is no obvious exposure to the economy of the respective country. Other structured securities where the disconnect is not so apparent are included.

The bulk of the industry's foreign investments were in bonds, at $608.5 billion (or 94.8%) of total exposure as of June 30, 2012. This represents a $31.5 billion (or 5.5%) increase since the second quarter of 2011, mostly within the life industry. Life companies accounted for the majority (80.6%) of total foreign bond exposure. Common stock holdings decreased from the second quarter of 2011 by 30.1% to $30.6 billion as of June 30, 2012, with the most notable decrease occurring within the life industry. Preferred stock holdings decreased by $0.7 billion (or 23.3%) to $2.2 billion. Overall, total foreign exposure increased by $17.8 billion (or 2.9%) from June 30, 2011.

Total Foreign Exposure by Insurer and Asset Type as of June 30, 2012

$ BACV	Bonds	Common Stock	Preferred Stock	Replications *	Grand Total	%
Life	505,058,923,976	9,879,764,898	1,795,697,918	889,877,540	517,624,264,332	80.6%
P/C	87,237,452,500	19,825,405,616	309,796,417	9,869,930	107,382,524,463	16.7%
Fraternal	11,473,259,307	181,815,289	79,501,990	-	11,734,576,586	1.8%
Health	4,266,050,550	694,546,302	12,851,961	-	4,973,448,813	0.8%
Title	462,483,022	26,499,099	36,555	-	489,018,676	0.1%
Grand Total	**608,498,169,355**	**30,608,031,204**	**2,197,884,841**	**899,747,470**	**642,203,832,870**	**100.0%**
%	94.8%	4.8%	0.3%	0.1%	100.0%	

*Replication exposure is as of Dec. 31, 2011.

Foreign Bond Exposure

The table below shows a breakdown of the insurance industry's foreign bond exposure across three categories: financial institutions, sovereign and "other." The sovereign debt crisis in Europe persists, as does concern over financial institutions worldwide, especially in the Eurozone. The "other" category primarily includes corporate credits other than financial institutions and structured finance.

Total Foreign Bond Exposure by Category as of June 30, 2012

$ BACV	Financial	Sovereign	Other	Grand Total	%
Life	73,907,748,428	58,753,015,703	372,398,159,845	505,058,923,976	83.0%
P/C	19,778,991,305	21,297,325,574	46,161,135,621	87,237,452,500	14.3%
Fraternal	1,492,420,340	1,126,077,554	8,854,761,413	11,473,259,307	1.9%
Health	1,093,786,760	269,824,760	2,902,439,030	4,266,050,550	0.7%
Title	60,973,445	214,266,660	187,242,917	462,483,022	0.1%
Grand Total	**96,333,920,278**	**81,660,510,251**	**430,503,738,826**	**608,498,169,355**	**100.0%**
% of Category	15.8%	13.4%	70.7%	100.0%	
OTTI *	**1,132,850,782**	**872,054,575**	**923,117,207**	**2,928,022,564**	
% of Category	1.2%	1.1%	0.2%	0.5%	

*OTTI (other-than-temporary impairments) represents the sum of year-end 2011 OTTI, plus OTTI resulting from dispositions in the first two quarters of 2012.

Most of the industry's total foreign bond exposure (slightly more than 70%) was in securities not related to foreign financial institutions or sovereigns. The industry's investment in foreign financial companies decreased by $19.0 billion (or 16.4%) to $96.3 billion from June 30, 2011, to June 30, 2012, primarily because insurers disposed a large portion ($10.8 billion) of their exposure to European financial entities. By definition, dispositions include bonds sold, redeemed, matured and amortized. The total decrease in financial exposure included $3 billion of matured debt and $1.1 billion of realized losses recorded as other-than-temporary impairments (OTTI), half of which are Eurozone-related.

The industry's overall sovereign debt exposure decreased by $8.8 billion (or 9.8%) to $81.7 billion since June 30, 2011. Most of the dispositions were in bonds of non-EU countries, the largest of which comprised Japanese and Australian sovereign debt. Exposure to the "other" bond category, which is not financial or sovereign, increased by $59.3 billion (or 16.0%) to $430.5 billion and mostly includes exposure to larger, more stable countries.

With respect to the insurance industry's OTTI, which were recorded as a realized loss, insurers primarily wrote down their foreign holdings in the financial and sovereign categories. Almost all of the sovereign write-downs were from Greek sovereign debt, primarily as a result of a debt restructuring package.

Largest Foreign Country Bond Exposures

As of June 30, 2012, insurers' largest 10 foreign bond country exposures totaled $480.2 billion (or 78.9%) of total foreign bonds, representing an increase of 5.7% from $454.5 billion as of the second quarter of 2011. The top 10 exposures consisted of the same countries as in the previous year, and included five EU countries, but none that have been financially distressed. In comparison to the second quarter of 2011, exposure to France increased the most on a percentage basis (by $3.0 billion). Other noteworthy increases were investments in Canada ($8.7 billion), the United Kingdom ($8.6 billion), Cayman Islands ($4.3 billion), the Netherlands ($3.6 billion) and Australia ($2.75 billion). Conversely, the insurance industry reduced its exposure to Japan by $3.2 billion and to Germany by $2.4 billion.

Top 10 Foreign Bond Exposures by Country as of June 30, 2012

$BACV	Financial	Sovereign	Other	Grand Total	Country %
Canada	11,144,459,171	27,056,154,622	82,642,413,427	120,843,027,220	19.9%
United Kingdom	17,999,934,379	426,268,007	71,935,178,559	90,361,380,945	14.8%
Australia	12,794,012,795	1,336,339,686	41,899,368,020	56,029,720,501	9.2%
Japan	2,066,850,873	31,450,197,806	12,656,221,292	46,173,269,971	7.6%
Cayman Islands	2,844,222,362	316,155,802	42,943,425,714	46,103,803,878	7.6%
Netherlands	6,868,024,687	421,605,462	37,232,617,891	44,522,248,040	7.3%
France	6,101,488,473	447,714,303	23,480,391,068	30,029,593,844	4.9%
Luxembourg	1,576,761,960	19,739,960	18,418,850,347	20,015,352,267	3.3%
Bermuda	2,159,615,540	548,554,327	12,022,444,543	14,730,614,410	2.4%
Germany	5,030,253,661	337,968,790	6,007,459,112	11,375,681,563	1.9%
Top (10)	**68,585,623,901**	**62,360,698,765**	**349,238,369,973**	**480,184,692,639**	**78.9%**
Other (102)	27,748,296,377	19,299,811,486	81,265,368,853	128,313,476,716	21.1%
Grand Total	**96,333,920,278**	**81,660,510,251**	**430,503,738,826**	**608,498,169,355**	**100.0%**

Overall, our data shows that the insurance industry's concentration of foreign investments are in larger and relatively "safe" countries, six of which have the highest quality long-term sovereign debt ratings (i.e., AAA/Aaa) from the three major nationally recognized statistical ratings organizations (NRSROs). The remaining four countries that comprise the industry's largest 10 foreign exposures have high-quality long-term sovereign debt ratings in the AA category. Note that two of the countries had their long-term sovereign debt ratings lowered in 2012. In May 2012, Japan's long-term sovereign debt rating was lowered from AA to A+ with a negative outlook by Fitch Ratings, due in part to growing risk from the country's rising public debt ratios. In January 2012, France's sovereign debt rating was lowered from AAA to AA+ by Standard & Poor's (S&P), which cited the impact of deepening political, financial and monetary problems within the Eurozone, with which France is closely integrated. This was followed by a downgrade in November 2012 from Aaa to Aa1 with a negative outlook by Moody's Investors Service (Moody's), which cited an uncertain fiscal outlook and a weakening economy.

Exposure to Cayman Islands and Bermuda comprised 10% of total foreign bonds, although some of these investments are likely structured securities (for legal and tax purposes) that do not necessarily have any exposure to the economy of those countries, but were not easily identifiable, and, therefore, included in the totals.

European Union Bond Exposure

The debt crisis continues in Europe, particularly in the Eurozone area, and has generally been centered on Portugal, Ireland, Italy, Greece and Spain (as highlighted in the table below). There have also been concerns that financial institutions in other European countries (such as France, Germany, Belgium and Cyprus) with exposure to the sovereign debt of distressed Eurozone countries could potentially face solvency issues. The following table provides a detailed breakdown of the insurance industry's exposure to all EU countries, particularly the Eurozone, by category (i.e., sovereign, financial and "other").

Bond Exposure to EU Countries by Category as of June 30, 2012

$BACV	Financial	Sovereign	Other	Grand Total	% of Foreign Bonds
Netherlands	6,868,024,687	421,605,462	37,232,617,891	44,522,248,040	7.3%
France	6,101,488,473	447,714,303	23,480,391,068	30,029,593,844	4.9%
Luxembourg	1,576,761,960	19,739,960	18,418,850,347	20,015,352,267	3.3%
Ireland	2,273,930,546	-	9,019,703,356	11,293,633,902	1.9%
Germany	5,030,253,661	337,968,790	6,007,459,112	11,375,681,563	1.9%
Spain	527,349,776	561,449,882	4,217,565,728	5,306,365,386	0.9%
Belgium	2,521,529	28,838,352	3,024,783,931	3,056,143,812	0.5%
Finland	513,254,041	54,540,206	1,953,599,192	2,521,393,439	0.4%
Italy	282,262,960	621,123,450	1,394,958,194	2,298,344,604	0.4%
Austria	341,900,848	79,607,595	827,644,622	1,249,153,065	0.2%
Greece	-	102,979,625	24,446,613	127,426,238	0.0%
Portugal	-	826,787	107,687,900	108,514,687	0.0%
Cyprus	1,034,552	98,043,263	-	99,077,815	0.0%
Slovakia	-	15,067,002	73,280,256	88,347,258	0.0%
Malta	-	-	66,792,433	66,792,433	0.0%
Slovenia	-	651,548	291,052	942,600	0.0%
Total Eurozone	**23,518,783,033**	**2,790,156,225**	**105,850,071,695**	**132,159,010,953**	**21.7%**
Other EU Members	24,724,750,624	2,551,763,957	78,134,150,517	105,410,665,098	17.3%
Total European Union	**48,243,533,657**	**5,341,920,182**	**183,984,222,212**	**237,569,676,051**	**39.0%**
% by Category	20.3%	2.2%	77.4%	100.0%	

Note: The EU is comprised of 27 member states. The Eurozone consists of 17 member states that use the euro as their sole currency. The 10 other EU members do not use the euro as their currency. The five highlighted countries are considered the most financially distressed within the Eurozone.

Total bond exposure as of June 30, 2012, to all EU countries was $237.6 billion, or 39% of total foreign bond holdings. Most of insurers' EU investments were within the "other" bond category, at 77.4%. Furthermore, Eurozone exposure was $132.2 billion, or 21.7% of total foreign bond holdings, and experienced a slight decrease from June 30, 2011. In the one-year period ending June 30, 2012, there was a decrease of $7.4 billion (or 23.9%) in the Eurozone's financial holdings, and a $1.7 billion (or 37.6%) decrease in sovereign bonds. The "other" category, however, increased by $8.6 billion (or 8.8%) to $105.8 billion during this period. Overall, most (or 80.1%) of insurers' Eurozone investments were within the "other" bond category. As of June 30, 2012, Eurozone bonds comprised only 2.5% of the industry's total cash and invested assets and 11% of the industry's total capital and surplus.

Exposure to Distressed Eurozone Countries

Greece — whose long-term sovereign debt is currently rated C by Moody's, B- by S&P and CCC by Fitch — remains the most financially troubled country within the Eurozone. In December 2012, S&P upgraded Greece's long-term sovereign debt rating six notches to B-, citing a strong and clear commitment from members of the Eurozone to keep Greece in the common-currency bloc. The yield on long-term Greek government bonds dropped to 17% in October 2012, from a high of about 35% in March 2012. Greece has gone through multiple bailout packages and debt restructurings. As of June 30, 2012, the insurance industry's exposure to Greece was significantly reduced to $127.4 million, compared to $1.2 billion as of June 30, 2011; $859.5 million of the reduction is related to realized losses on sovereign debt that were recorded as OTTI, primarily due to a bond exchange that was part of a Greek debt restructuring package.

Ireland — whose long-term sovereign debt is currently rated BBB+ by S&P, Baa1 by Moody's and BBB+ by Fitch — also experienced financial turmoil over the past couple of years, but its accessibility to the financial markets has improved with the successful issuance of more than $5 billion in long-term government debt at a 6.1% interest rate for eight-year bonds in July 2012. Of the troubled Eurozone countries, the industry's exposure to Ireland is the largest, totaling $11.3 billion as of June 30, 2012. Sovereign Irish debt was $2.3 billion, or 20.0% of the total, and the rest was in the "other" category.

Spanish long-term sovereign debt is currently rated BBB- by S&P, Baa3 by Moody's and BBB by Fitch. Spain's 10-year government bond yields declined to 5.4% as of December 2012, from a high of 7.6% in July 2012. The insurance industry's total exposure to Spanish-related debt was $5.3 billion as of June 30, 2012, which was about $1 billion less than the year prior. Most of the industry's Spanish debt was in the "other" category.

Total exposure to Italian-related debt decreased slightly to $2.3 billion. While there was a 31.5% decrease in financials and a 24.6% decrease in the sovereign portion, there was an 18.8% increase in the "other" category. Italy's sovereign debt is currently rated BBB+ by S&P, Baa2 by Moody's and A- by Fitch.

Total Portuguese-related debt was small, at $108.5 million, representing a slight decrease from the year prior. Portugal — whose sovereign debt is rated Ba3 by Moody's, BB by S&P and BB+ by Fitch — is expected to be able to access the financial markets in late 2013. The yield on its 10-year government bonds more than halved to 7% as of December 2012 from a high of 17.3% in January 2012.

Foreign Common Stock and Preferred Stock Exposure

The insurance industry's foreign common and preferred stock exposure as of June 30, 2012, totaled $30.6 billion and $2.2 billion, respectively, with half of the common stock in affiliated entities, mostly within the United Kingdom (UK). The largest exposures were to companies based in the UK, Canada, Bermuda, Switzerland and China. Similar to the equity markets in the United States, foreign equity markets have appreciated in value over the past year. The STOXX Europe 600 Index — which represents large, mid-size and small capitalization companies across 18 countries of the European region — was up by 13% for the year, as of December 2012.

Top 10 Foreign Stock Exposures by Country as of June 30, 2012

$ BACV	Common Stock	Preferred Stock	Grand Total	%
United Kingdom	9,971,984,398	224,578,501	10,196,562,899	31.1%
Canada	3,382,032,924	89,154,398	3,471,187,322	10.6%
Bermuda	1,909,774,827	240,378,719	2,150,153,546	6.6%
Switzerland	2,079,386,469	17,838,893	2,097,225,362	6.4%
China	1,924,374,214	-	1,924,374,214	5.9%
Cayman Islands	887,115,659	981,533,607	1,868,649,266	5.7%
Ireland	1,256,208,933	25,233,928	1,281,442,861	3.9%
Japan	1,135,564,080	-	1,135,519,212	3.5%
Australia	1,070,985,312	-	1,070,985,312	3.3%
Netherlands	872,743,342	150,610,298	1,023,353,640	3.1%
Top (10)	**24,490,170,158**	**1,729,328,344**	**26,219,453,634**	**79.9%**
Other (65)	6,117,861,046	468,556,497	6,586,462,411	20.1%
Grand Total	**30,608,031,204**	**2,197,884,841**	**32,805,916,045**	**100.0%**

In terms of notable changes since June 30, 2011, insurers disposed $13.4 billion (or 30.1%) of their common stock holdings and $0.7 billion (or 23.3%) of preferred stock as of June 30, 2012. The largest common stock disposition was $4.9 billion in UK equities, most of which were affiliated stock. Nevertheless, UK equities remained the industry's largest foreign equities exposure as of the second quarter of 2012. In addition, exposure to Japanese equities was reduced by $0.9 billion (or 44.1%) over the same time period.

Foreign Replications Exposure

Foreign exposure resulting from replication transactions — or a derivative transaction entered into in conjunction with other investments to reproduce the investment characteristics of otherwise permissible investments — totaled $899.7 million as of Dec. 31, 2011. This total includes exposure to all foreign entities except for $526.3 million of exposure to the iTraxx, which is a European bond index diversified across approximately 125 European credits. The majority of the foreign exposure created by the replication transactions is to foreign corporate credits as opposed to sovereign credits.

The following table shows the top 10 foreign replication exposures by country, which represented $694.3 million (or 77.2%) of the total. Within this total, $111.5 million (or 16%) included exposures to sovereign debt. Also, all of the exposure to Chile and Mexico and half of the exposure to Malaysia were sovereign debt. Replications in foreign financial institutions totaled $143 million and were in Anglo American Capital of UK, Zurich Insurance and Mizuho Bank of Japan.

Top 10 Foreign Replication Exposures by Country as of Dec. 31, 2011

$ BACV	Replication	%
UK	256,155,400	28.5%
Canada	106,636,080	11.9%
France	63,991,354	7.1%
Germany	53,165,843	5.9%
Chile	50,410,324	5.6%
Switzerland	46,436,963	5.2%
Mexico	31,660,975	3.5%
Malaysia	29,834,734	3.3%
Brazil	29,674,829	3.3%
Japan	26,382,792	2.9%
Top 10	**694,349,294**	77.2%
Other (16)	205,398,176	22.8%
Grand Total	**899,747,470**	100.0%

Foreign Counterparty Exposure

In addition to any exposure to the reference entity, users of derivatives also have potential credit exposure to the counterparty. Counterparty risk is the risk faced by one party that the other party will not satisfy the obligations of a derivatives contract. As there have been market concerns about the stability of financial institutions, particularly in the EU, it is prudent to review insurer’s counterparty exposure. The following table lists all of the foreign derivatives counterparties as of Dec. 31, 2011. The positive BACVs represent transactions where the counterparty “owes” the insurer; the negative BACVs represent transactions where the insurer “owes” the counterparty.

Foreign Derivatives Counterparty Exposure as of December 31, 2011

$	Positive BACV	Negative BACV	Net BACV	%
Deutsche Bank	8,716,733,585	(4,962,043,509)	3,754,690,076	25.7%
Credit Suisse	5,032,478,910	(2,310,782,220)	2,721,696,690	18.6%
BNP Paribas	4,191,820,827	(1,832,429,678)	2,359,391,149	16.2%
Barclays PLC	4,548,069,739	(2,436,597,431)	2,111,472,308	14.5%
UBS	2,697,558,133	(1,718,077,033)	979,481,100	6.7%
Royal Bank of Scotland	1,605,102,933	(714,750,187)	890,352,746	6.1%
HSBC	1,612,515,721	(792,405,140)	820,110,581	5.6%
Societe Generale	808,984,755	(299,112,010)	509,872,745	3.5%
Credit Agricole	284,120,389	(2,704,143)	281,416,246	1.9%
Royal Bank of Canada	1,170,253,930	(964,208,030)	206,045,900	1.4%
Top 10	**30,667,638,922**	**(16,033,109,381)**	**14,634,529,541**	**100.3%**
Other (16)	1,274,703,878	(1,311,510,970)	(36,807,092)	-0.3%
Grand Total	**31,942,342,800**	**(17,344,620,351)**	**14,597,722,449**	**100.0%**

Deutsche Bank and Credit Suisse were the counterparties that "owed" the most to insurers. To give this some context, the net amount owed by these two foreign counterparties was in line with the net amount for the largest domestic counterparties.

Foreign Exposure in Securities Lending

Insurers generally reinvest the cash collateral posted by borrowers in a securities lending transaction. These investments are found on the balance sheet and are, therefore, already reflected in the Bond totals discussed above. In stressed and volatile financial markets, the insurer might find it difficult to find liquidity or be forced to sell the securities at a lower price and receive less cash than was posted by the borrower.

Foreign exposure related to reinvested collateral from securities lending programs was $9.9 billion as of Dec. 31, 2011. Within this exposure, financial institutions comprised $2.7 billion (or 27.3%) and sovereign debt was $1.4 billion (or 14.5%).

Foreign Exposure Related to Securities Lending by Country as of Dec. 31, 2011

$ BACV	Financial	Sovereign	Other	Grand Total	%
Canada	221,593,086	550,086,001	1,233,148,853	2,004,827,940	20.2%
United Kingdom	453,029,390	-	955,220,377	1,408,249,767	14.2%
Australia	525,642,833	-	381,654,805	907,297,638	9.1%
Netherlands	340,011,770	-	375,634,090	715,645,860	7.2%
France	140,987,027	-	501,739,246	642,726,273	6.5%
Cayman Islands	13,794,968	-	624,933,252	638,728,220	6.4%
Japan	1,748,435	582,794,726	15,208,009	599,751,170	6.0%
Luxembourg	16,094,767	-	489,680,187	505,774,954	5.1%
Sweden	351,555,780	-	19,400,354	370,956,134	3.7%
Bermuda	100,127,484	-	238,429,872	338,557,356	3.4%
Top (10)	**2,164,585,540**	**1,132,880,727**	**4,835,049,045**	**8,132,515,312**	**82.0%**
Other (43)	**540,367,256**	**308,497,399**	**941,401,507**	**1,790,266,162**	18.0%
Grand Total	**2,704,952,796**	**1,441,378,126**	**5,776,450,552**	**9,922,781,474**	**100.0%**
%	**27.3%**	**14.5%**	**58.2%**	**100.0%**	

Summary

As of June 30, 2012, total foreign exposure, including net counterparty exposure, represented 12.6% of the insurance industry's total cash and invested assets. The direct foreign exposure represented 12.3% of cash and invested assets, with the bulk of the holdings in larger developed countries. Counterparty exposure represented only 0.3% of cash and invested assets. Given that about 70% of the foreign exposure to investments was in securities not related to foreign financial institutions or sovereigns — along with the considerable dispositions of financial securities and Eurozone-related sovereign and financial holdings throughout the year — we do not expect the insurance industry's foreign exposure to have a material impact on the credit quality of their invested assets.

The NAIC Capital Markets Bureau will continue to monitor the insurance industry's foreign exposure, as well as developments within the EU that could have an impact on these exposures. We will provide updates as deemed appropriate.

January 28, 2013								
Major Insurer Share Prices			Change %			Prior		
		Close	Week	QTD	YTD	Week	Quarter	Year
Life	Aflac	$52.99	0.7	0.2	0.2	$52.64	$52.89	$52.89
	Ameriprise	66.79	0.4	6.9	6.9	66.53	62.45	62.45
	Genworth	9.25	(1.8)	23.5	23.5	9.42	7.49	7.49
	Lincoln	29.12	2.6	13.0	13.0	28.37	25.77	25.77
	MetLife	37.63	1.3	14.9	14.9	37.14	32.76	32.76
	Principal	30.79	1.6	8.5	8.5	30.30	28.38	28.38
	Protective	31.51	0.3	10.7	10.7	31.42	28.47	28.47
	Prudential	58.87	0.5	10.9	10.9	58.58	53.09	53.09
	UNUM	23.16	1.3	11.7	11.7	22.86	20.73	20.73
PC	ACE	$84.66	(0.2)	6.5	6.5	$84.85	$79.50	$79.50
	Axis Capital	37.62	(0.1)	9.2	9.2	37.66	34.46	34.46
	Allstate	43.53	(1.5)	8.7	8.7	44.20	40.05	40.05
	Arch Capital	45.33	(0.8)	3.4	3.4	45.68	43.82	43.82
	Cincinnati	42.28	(0.3)	8.5	8.5	42.42	38.95	38.95
	Chubb	80.45	(0.6)	7.3	7.3	80.90	75.01	75.01
	Everest Re	114.56	0.1	4.5	4.5	114.49	109.67	109.67
	Progressive	22.48	(2.0)	7.0	7.0	22.95	21.01	21.01
	Travelers	77.35	(0.8)	8.1	8.1	77.95	71.53	71.53
	WR Berkley	41.06	(0.5)	9.2	9.2	41.28	37.59	37.59
	XL	27.41	(0.3)	9.9	9.9	27.48	24.94	24.94
Other	AON	$57.47	(0.9)	3.7	3.7	$57.97	$55.41	$55.41
	AIG	37.30	3.9	5.7	5.7	35.91	35.28	35.28
	Assurant	38.84	0.8	12.6	12.6	38.53	34.48	34.48
	Fidelity National	24.98	(4.1)	5.9	5.9	26.05	23.58	23.58
	Hartford	24.79	0.6	10.7	10.7	24.63	22.39	22.39
	Marsh	35.00	(0.9)	2.0	2.0	35.32	34.30	34.30
Health	Aetna	$49.37	2.1	6.9	6.9	$48.34	$46.17	$46.17
	Cigna	58.46	2.3	9.7	9.7	57.14	53.29	53.29
	Humana	74.76	3.9	9.3	9.3	71.93	68.43	68.43
	United	55.81	(0.4)	3.1	3.1	56.02	54.12	54.12
	WellPoint	66.06	3.5	8.8	8.8	63.80	60.73	60.73
Monoline	Assured	$16.75	4.0	18.6	18.6	$16.10	$14.12	$14.12
	MBIA	8.12	(5.9)	2.5	2.5	8.63	7.92	7.92
	MGIC	2.75	(8.0)	1.9	1.9	2.99	2.70	2.70
	Radian	6.66	0.6	8.3	8.3	6.62	6.15	6.15
	XL Capital	27.41	(0.3)	9.9	9.9	27.48	24.94	24.94

January 28, 2013								
Major Market Variables			Change %			Prior		
		Close	Week	QTD	YTD	Week	Quarter	Year
Dow Jones Ind		13,881.93	1.2	6.0	6.0	13,712.21	13,099.80	13,099.80
S&P 500		1,500.18	0.5	5.5	5.5	1,492.56	1,422.10	1,422.10
S&P Financial		234.49	0.5	6.0	6.0	233.43	221.17	221.17
S&P Insurance		215.04	0.8	7.7	7.7	213.38	199.67	199.67
US Dollar $			Change %			Prior		
	/ Euro	$1.35	1.0	1.9	1.9	$1.33	$1.32	$1.32
	/ Crude Oil bbl	96.53	0.3	5.4	5.4	96.24	91.62	91.62
	/ Gold oz	1,655.20	(2.2)	(1.1)	(1.1)	1,692.50	1,673.70	1,673.70
Treasury Ylds %		%	Change bp			%	%	%
	1 Year	0.14	0.00	0.00	0.00	0.14	0.14	0.14
	10 Year	1.97	0.13	0.21	0.21	1.84	1.76	1.76
	30 Year	3.15	0.12	0.20	0.20	3.03	2.95	2.95
Corp Credit Spreads -bp			Change %			Prior		
	CDX.IG	51.91	(4.1)	(9.0)	(9.0)	54.10	57.04	57.04

January 28, 2013									
Major Insurer Bond Yields				Weekly Change					YTD
				Price			Spread		Spread
	Company	Coupon	Maturity	Current	Change	Yield	B.P.	Change	Change
Life	Aflac	8.500%	5/15/2019	$135.69	($0.76)	2.36%	110	(3)	(18)
	Ameriprise	5.300%	3/15/2020	$117.84	($0.96)	2.55%	108	(2)	(10)
	Genworth	6.515%	5/15/2018	$114.37	($0.19)	3.52%	250	(7)	(140)
	Lincoln National	8.750%	7/15/2019	$133.86	($0.97)	2.92%	165	3	(19)
	MassMutual	8.875%	6/15/2039	$154.96	($0.86)	5.07%	207	(8)	(42)
	MetLife	4.750%	2/15/2021	$114.24	($1.16)	2.76%	111	2	2
	Mutual of Omaha	6.800%	6/15/2036	$126.49	$1.65	4.89%	209	(23)	(36)
	New York Life	6.750%	11/15/2039	$135.24	($1.07)	4.48%	146	(6)	(17)
	Northwestern Mutual	6.063%	3/15/2040	$126.25	($1.17)	4.40%	136	(5)	(9)
	Pacific Life	9.250%	6/15/2039	$144.08	($2.46)	5.92%	294	3	(37)
	Principal	6.050%	10/15/2036	$121.53	($1.55)	4.56%	172	(2)	(9)
	Prudential	4.500%	11/15/2020	$110.66	($1.23)	2.96%	134	4	(7)
	TIAA	6.850%	12/15/2039	$134.38	($2.24)	4.61%	159	1	(11)
P&C	ACE INA	5.900%	6/15/2019	$123.33	($0.80)	1.98%	68	3	(9)
	Allstate	7.450%	5/15/2019	$130.33	($0.93)	2.25%	98	0	(13)
	American Financial	9.875%	6/15/2019	$133.06	($0.44)	3.95%	262	(10)	(50)
	Berkshire Hathaway	5.400%	5/15/2018	$119.28	($0.66)	1.59%	57	(2)	(6)
	Travelers	3.900%	11/15/2020	$111.79	($0.95)	2.23%	64	(1)	(0)
	XL Group	6.250%	5/15/2027	$117.41	($0.76)	4.58%	225	(6)	(16)
Other	AON	5.000%	9/15/2020	$113.78	($0.76)	2.98%	137	(3)	5
	AIG	5.850%	1/15/2018	$117.18	($0.64)	2.18%	125	0	5
	Hartford	5.500%	3/15/2020	$114.65	($1.05)	3.20%	170	2	(2)
	Marsh	9.250%	4/15/2019	$134.71	($1.24)	3.06%	171	2	(25)
	Nationwide	9.375%	8/15/2039	$146.44	($1.88)	5.89%	288	(1)	(33)
Health	Aetna	3.950%	9/15/2020	$108.82	($0.67)	2.66%	108	(4)	(12)
	CIGNA	5.125%	6/15/2020	$114.40	($0.94)	2.94%	138	(1)	(6)
	United Healthcare	3.875%	10/15/2020	$109.11	($1.00)	2.56%	99	2	2
	Wellpoint	4.350%	8/15/2020	$109.73	($0.73)	2.90%	137	(2)	(1)

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