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**

The Insurance Industry's Exposure to Commercial Mortgage Lending and Real Estate: A Detailed Review of the Life Insurance Industry's Commercial Mortgage Loan Holdings (Part II)

On Oct. 26, 2012, the Capital Markets Bureau published a report, *"The Insurance Industry's Exposure to Commercial Mortgage Lending and Commercial Real Estate Investments: An Overview,"* which was Part I of this two-part series on the U.S. insurance industry's exposure to commercial mortgage loans and other commercial real estate (CRE) assets. Because commercial mortgage loans are the industry's largest CRE exposure, this second report provides a detailed review of the industry's commercial mortgage loans holdings including an analysis of various characteristics such as distribution by: 1) property type; 2) geographic region; 3) date of acquisition; 4) last appraisal/valuation date; 5) debt service coverage ratio (DSCR); 6) loan-to-value (LTV) ratio; and 7) loan status. In addition, the report includes statistics on the U.S. insurance industry's commercial mortgage loan investment losses.

The industry's commercial mortgage loan holdings are predominantly held by (the larger) life insurance companies, as well as life insurers that are part of multi-insurer insurance groups. As of year-end 2011, commercial mortgage loans were 8.7% of life companies' total investments. Commercial mortgage loan holdings have been concentrated within a relatively small number of insurance groups; approximately 70% of the life industry's total commercial mortgage holdings were held by 25 life insurers. And the average exposure of commercial mortgage loans to their total cash and invested assets was 11.2% as of year-end 2011.

Since the financial crisis, insurers' commercial mortgage loan-related investment losses have been relatively modest, despite the overall CRE market's delinquencies and losses. Much larger losses have been observed in commercial mortgages underlying commercial mortgage-backed securities (CMBS). The insurance industry's favorable commercial mortgage loan investment performance over the past few years is primarily due to conservative underwriting practices including low LTV ratios and high DSCRs.

Life Insurer Commercial Mortgage Loan Exposure

Commercial mortgage loan investments are concentrated within a relatively small number of insurers, because a significant volume of commercial mortgage loans is necessary to economically justify the infrastructure needed to participate in this asset class. An effective commercial mortgage loan origination effort requires extensive specialized expertise, as well as other resources.

According to the NAIC database, 289 life insurers (or 35%) owned commercial mortgage loans as of year-end 2011. Of those, 96 life insurers (or 33%) have more than 10% of their cash and invested assets in commercial mortgage loans, and 10 life insurers have more than 20% of their assets invested in commercial mortgage loans.

Life Insurer Commercial Mortgage Loan Portfolio Characteristics

Insurance companies typically aim to build commercial mortgage loan portfolios that are diversified by property type and geography, as well as in accordance with applicable investment guidelines. Investment decisions, therefore, must take into account that credit risk varies among property types and geographic areas.

Property Type

The insurance industry classifies commercial mortgage loans into seven primary property types: 1) office buildings; 2) retail; 3) industrial; 4) apartments; 5) hotel/motel; 6) mixed use; and 7) other. Four of these property types (office, retail, industrial and apartments) comprise more than 90% of life insurers' mortgage holdings, as shown in Figure 1 below. Specific credit quality and underwriting criteria can vary significantly by property type, reflecting risk disparities and the objective of adequate portfolio diversification. For example, a property with longer-term leases that has a diverse mix of tenants tends to smooth out market cyclicality, and, therefore, tends to exhibit less credit risk. Property lease periods can range from one night (such as in a hotel) to years or decades (such as in offices and retail space). Hotels are generally viewed as higher-risk properties owing to their greater degree of cash flow volatility, capital intensity and high fixed operating costs.

Life Insurer Commercial Mortgage Holdings
Distribution by Property Type
December 31, 2011

Property Type	Percentage
Office Building	31%
Retail	25%
Industrial	19%
Apartment	15%
Hotel/Motel	4%
Other	4%
Mixed Use	1%
Total	100%

Source: American Council of Life Insurers, Mortgage Loan Portfolio Profile, December 31, 2011

Figure 1

Office buildings were life insurers' largest property type, comprising 31% of life insurer commercial mortgage loan holdings as of year-end 2011. Retail real estate, such as regional malls and neighborhood centers, is life companies' second-largest property type exposure, at 25% of their commercial mortgage loan exposure. Industrial properties include buildings such as warehouses and distribution centers that are typically subject to lower capital needs than other asset types. Apartments consist of multifamily buildings used as primary residences by tenants, which could be subject to obsolescence and are sensitive to economic conditions, especially in terms of geographic area.

Life insurers generally focus their lending on properties with strong operating histories and competitive market positions. In many cases, the lender is already familiar with the property owner from previous property financings. In such cases, the ongoing business relationship between the property owner and lender can benefit both parties over the long run, as the property owner benefits from a stable supply of capital while the lender benefits from a trustworthy borrower and a repeated source of attractive investments.

Geographic Concentration

Much of the industry's commercial mortgage loan lending is concentrated in major metropolitan areas, primarily on the U.S. East Coast and West Coast. A substantial portion of the nation's largest and highest profile CRE properties are located in these areas. Larger insurers are particularly interested in financing “trophy properties,” such as the largest and most prestigious office buildings in central business districts of gateway cities (e.g., New York City; Washington, DC; and San Francisco). Insurers consider such loans especially high quality and particularly unlikely to default because of strong tenant and owner profiles.

As such, insurers have been a primary financing source for trophy properties. They often lend to these properties at relatively low risk-adjusted spreads, which are attractive to the borrowers but do not fit the risk-and-return profiles of competing types of lenders that are willing to assume additional credit risk in exchange for higher returns.

Insurers also strive to diversify their commercial mortgage loan portfolios geographically, as shown in Figure 2. As of year-end 2011, the largest geographic region in life companies’ commercial mortgage loan exposure was the Pacific region — consisting of Alaska, California, Hawaii, Oregon and Washington — representing 26% of total commercial mortgage loans. The three largest regions comprised approximately 64% of total commercial mortgage loan exposure.

Life Insurer Commercial Mortgage Holdings
Distribution by Geographic Region
December 31, 2011

Region	Percentage
Pacific	26%
South Atlantic	23%
Middle Atlantic	15%
West South Central	9%
East North Central	9%
Mountain	6%
West North Central	4%
East South Central	3%
New England	4%
Other	3%
Total	100%

Source: American Council of Life Insurers, Mortgage Loan Portfolio Profile, December 31, 2011

Figure 2

During the loan underwriting process, careful attention is given to specific dynamics of the prospective property’s geographic area. The dynamics vary by property type, but generally include the geographic area’s overall business climate; expected economic growth; access to transportation; barriers to entry for new, competitive properties; and the nature, number and occupancy rates of existing competitive properties.

Lenders are especially interested in properties located in gateway markets (e.g., New York City; Washington, DC; and San Francisco), which are part of a small number of leading cities with large and diversified commercial and residential bases that attract global real estate interest. Real estate in these markets tends to be more liquid, serving as a safety factor for a lender in an often illiquid market. Gateway markets also exhibit high barriers to entry for new properties because land availability is usually limited and zoning rules are strict. These markets also usually have diversified economies, making them less sensitive to narrow economic factors, such as the fortunes of a specific commodity or industry.

Date Acquired
As shown in Figure 3, commercial mortgage loan holdings are diversified by date of acquisition. The date of acquisition is also typically the loan's date of origination, unless the loan was acquired post-origination in the secondary market. However, the number of secondary market commercial mortgage loan investments made by insurers is believed to be a small proportion of their commercial mortgage loan holdings.
Commercial mortgage loans originated during peak years for real estate property values, such as in 2007, might incur greater investment losses than those originated in years when property values were lower, such as in 2008 and 2009. During the peak years, property values were inflated due to the use of pro forma calculations, which assumed additional rental revenue and aggressive capitalization rates. [Note: Pro forma calculations are based on projections of expected income; the capitalization rate (or cap rate) is the rate of return on the property's underwritten net operation income (NOI)]. This, in turn, resulted in LTV ratios and DSCRs that were not properly reflective of the originated loans' true risk.

Life Insurance Industry Commercial Mortgage Holdings
Distribution by Date Acquired

Year	Book/Adjusted Carrying Value	Count
Unknown	0.0%	0.9%
2001 and prior	5.4%	14.0%
2002	2.7%	4.0%
2003	4.3%	6.9%
2004	6.4%	7.5%
2005	9.9%	10.5%
2006	12.8%	11.2%
2007	14.7%	12.0%
2008	9.6%	9.4%
2009	5.4%	4.9%
2010	10.4%	7.7%
2011	18.4%	11.0%
Total	100.0%	100.0%

Figure 3
The spike in insurer mortgage acquisitions in 2006 and 2007 is due mostly to the high level of capital supply that was available for real estate financing during those years. Purchases usually require an associated debt financing. While much of this financing was completed via the CMBS market, a meaningful share was supplied by the insurance industry. Consequently, the "hyper-liquidity" of available capital resulted in real estate appreciation, increased sales and refinance activity.
Loan-To-Value (LTV) Ratio
The LTV ratio is one of the two primary metrics typically used to evaluate the credit quality of a commercial mortgage loan. In Figure 4 below, based on a property's most recent valuation and current outstanding loan amount, we calculated a LTV ratio for each property and grouped the loans into LTV ranges. In evaluating the overall credit quality of a property, a lower LTV ratio indicates a higher-quality loan, and, conversely, a higher LTV indicates a lower-quality loan. An LTV greater than 100% means that the loan on the property exceeds the value of the property itself, and, consequently, the loan is at substantial risk of becoming impaired and incurring a credit loss for the mortgage lender. On a book/adjusted carrying value (BACV)-weighted basis, 20.8% of the industry's commercial mortgage holdings had an LTV ratio of greater than 70% as of year-end 2011. Loans with LTVs greater than 100% were only 1.0% (in terms of BACV) of

total commercial mortgage loan exposure as of year-end 2011. The industry's average LTV on a BACV-weighted basis was approximately 58%, indicating that there is a sizeable cushion before most loans are expected to experience credit stress.

Life Insurance Industry Commercial Mortgage Holdings
Distribution by Calculated Loan-to-Value

Calculated LTV Range	Book/Adjusted Carrying Value	Count
Unknown	0.6%	1.0%
0% to 25%	3.3%	12.3%
25.1% to 50%	23.2%	33.1%
50.1% to 55%	10.7%	9.3%
55.1% to 60%	14.0%	10.2%
60.1% to 65%	14.1%	9.8%
65.1% to 70%	13.4%	8.7%
70.1% to 75%	9.7%	6.9%
75.1% to 80%	3.9%	3.0%
80.1% to 85%	2.6%	1.6%
85.1% to 85%	1.5%	1.0%
90.1% to 95%	1.0%	0.7%
95.1% to 100%	1.2%	1.1%
Greater than 100%	1.0%	1.3%
Total	100.0%	100.0%

Figure 4

Until the recent financial crisis, the insurance industry generally considered an LTV ratio of 75% to be an acceptable level on a newly originated loan. However, due mostly to increased CRE market volatility, the insurance industry has, for the most part, moved to a more conservative 70% maximum LTV ratio for new loan originations.

Debt Service Coverage Ratio (DSCR)

The other primary metric used for assessing commercial mortgage loan credit quality is DSCR; however, DSCR information is not included in insurers' statutory filings. DSCRs on newly originated loans have generally been increasing as interest rates have declined and lenders have become more conservative in their underwriting standards. A higher DSCR is indicative of a better quality loan, and vice versa for a lower DSCR. A property's DSCR is expected to have an adequate cushion beyond the minimum 1.0 times, which suggests that the property "breaks even" with regard to paying its required debt service. An industry-sponsored study as of Dec. 31, 2011, reported that the average DSCR for insurers' commercial mortgage loan portfolios was 1.8 times, with 93.6% of the industry's exposure having a DSCR of greater than 1.0 times.

Last Appraisal or Valuation Date

Insurers' best practice is to periodically revalue the property supporting the commercial mortgage loans. At the time the loan is made, the initial property appraisal is typically completed by an independent, third-party accredited appraiser, or it could be completed internally. Many insurers later complete periodic reappraisals on properties that support existing loans using the lenders' internal appraisal staff. Timely revaluations are particularly important in periods when CRE property values have been subject to major price swings during brief time periods. According to Figure 5, on a BACV basis, approximately 55% of commercial mortgage loan properties had been reappraised during 2011 (the most current year).

Life Insurance Industry Commercial Mortgage Loan Holdings
Distribution by Last Appraisal or Valuation Date

Year of Last Appraisal or Valuation Date	Book/Adjusted Carrying Value	Count
Unknown	0.1%	1.2%
2001 and prior	3.0%	10.7%
2002	1.4%	2.7%
2003	2.4%	4.7%
2004	3.2%	4.7%
2005	5.5%	6.8%
2006	6.5%	6.5%
2007	6.5%	6.9%
2008	4.6%	5.1%
2009	3.1%	3.8%
2010	8.3%	20.7%
2011	55.4%	26.4%
Total	100.0%	100.0%

Figure 5

Loan Status

The high quality of the industry's commercial mortgage loan portfolio is evidenced by its investment performance. As shown in Figure 6, as of Dec. 31, 2011, 99.3% of the insurance industry's outstanding commercial mortgage loan balances were in good standing as measured by the loan's payment status (i.e., current on their principal and interest payments). Less than 1% of outstanding commercial mortgage loans was overdue more than 90 days, in process of foreclosure or restructured as of year-end 2011.

Total Insurance Industry Commercial Mortgage Holdings
Percentage Distribution of Book/Adjusted Carrying Value by Mortgage Loan Status
(billions of dollars)

	Percentage Distribution					2011 Dollar	2011 change
	2007	2008	2009	2010	2011	Amount	from 2010
Loans in good standing	99.9%	99.8%	99.5%	99.4%	99.3%	$310.1	4.9%
Loans overdue interest over 90 days not in foreclosure	0.0%	0.0%	0.1%	0.1%	0.1%	$0.3	-2.3%
Loans in process of foreclosure	0.0%	0.1%	0.1%	0.1%	0.1%	$0.3	-34.1%
Restructured loans	0.0%	0.0%	0.3%	0.3%	0.5%	$1.5	56.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	$312.2	5.0%

Figure 6

As shown in Figure 7 below, the percentage of life insurer commercial mortgage loans *not* in good standing has been below 1% for approximately the past decade. Mortgages that were not in good standing from 1994 to 1997 were as high as almost 12% at the onset of that time period, but then decreased to about 5% as the industry worked through the book of problem loans that were purchased during the previous real estate market peak. Since then, the percentage of mortgages not in good standing decreased steadily to below 2% by year-end 2000.

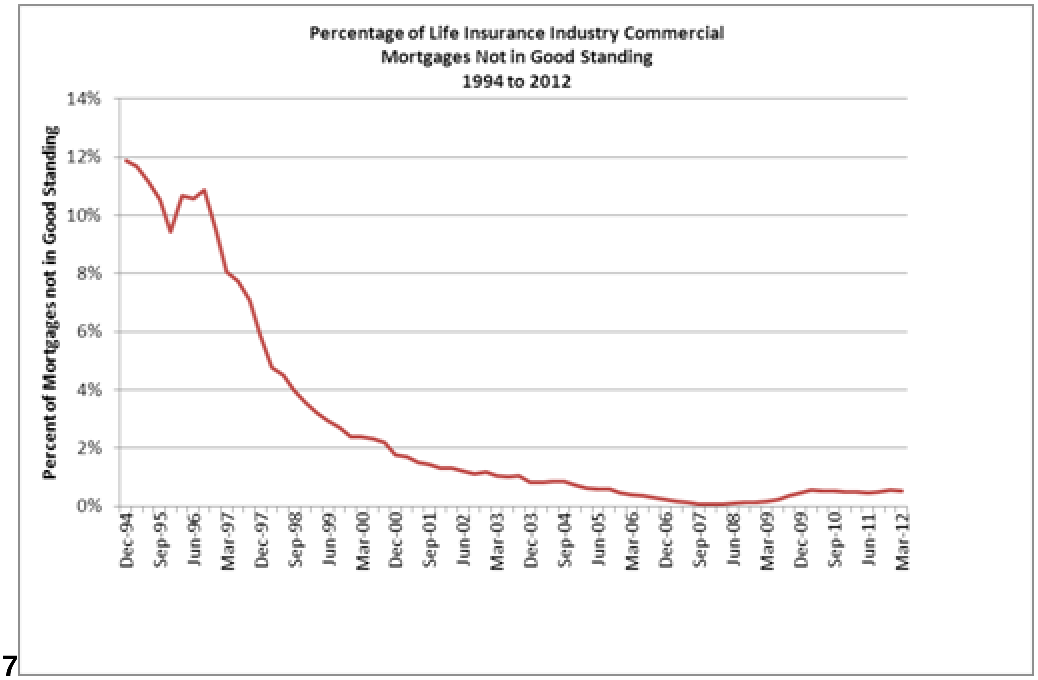

Figure 7

Unlike insurer commercial mortgage loans, those securitized by CMBS and originated by banks/thrifts have experienced more deterioration in terms of credit quality since the beginning of the financial crisis. The favorable delinquency rate performance of life company loans is believed to be due to more conservative underwriting standards, as well has a higher degree of selectivity in asset and borrower quality, than practiced by the other types of lenders.

Figure 8 below shows trends in 60-plus day delinquency rates by CMBS, the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and life companies from 1996 to 2011. Delinquency rates for three of the four — including life companies — remained low (generally below 1%) and relatively unchanged during this time period. However, the delinquency rates for loans securitized by CMBS transactions spiked with the onset of the financial crisis in 2008.

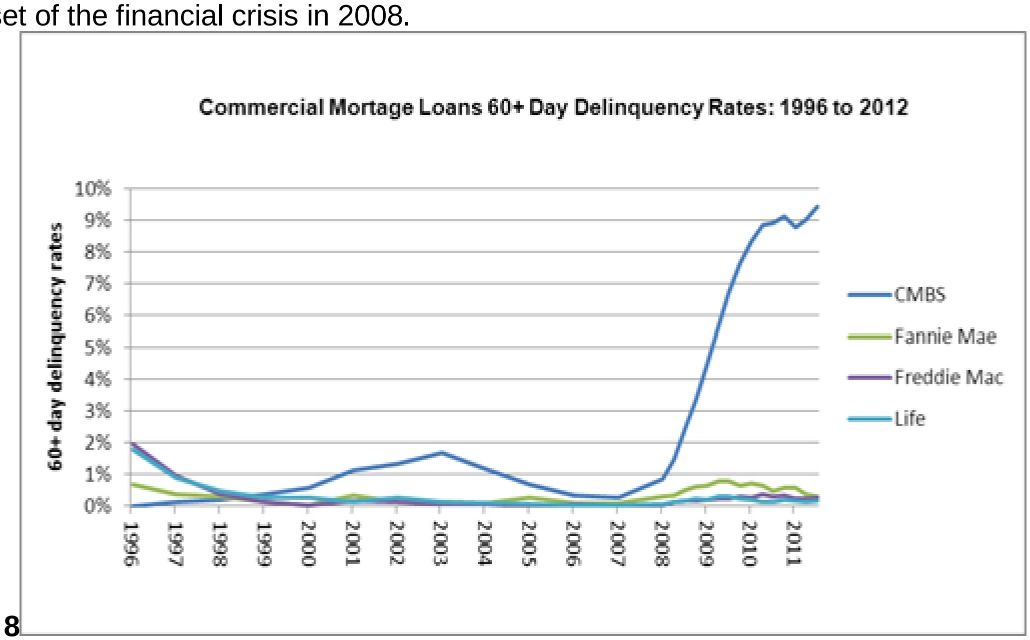

Figure 8

Source: *Mortgage Bankers Association Quarterly Databook,* Wells Fargo Securities

Insurer Investment Losses Incurred

Life companies' commercial mortgage loans have experienced minimal investment losses in recent years. Since 2008, the dollar amount of total investment losses has fluctuated, as shown in Figure 9. However, because the absolute dollar level of non-performing loans remains small, and given the small amount of commercial mortgage loan exposure as a percentage of overall industry investments, these losses are not viewed as a significant concern for the industry as a whole.

Figure 9

Life Insurance Industry Commercial Mortgage Holdings
Investment Losses Reported by Year
(millions of dollars)

	2007	2008	2009	2010	2011	Percentage of 2011 losses
Losses on Mortgages Owned at Year-End						
- Unrealized Losses	-$3	$110	$45	$38	$35	6%
- Current Year's OTTI	$0	$273	$419	$327	$159	26%
Losses in Mortgages Disposed of During Year						
- Incr/Decr by Adjustment	$44	-	-	-	-	
- Current Year's OTTI	-	$93	$503	$689	$267	44%
- Realized Gain/Loss on Disposal	-$42	$134	$637	$519	$145	24%
Total Investment Loss/(Gain) for Year	-$1	$610	$1,604	$1,572	$607	100%
Losses in basis points of BACV	0	20	55	55	20	

Notes: A negative number represents an investment gain (not loss) for the year.
Financial reporting in 2007 was different than for years 2008 to 2011. Increase/Decrease by Adjustment was only reported for 2007.
Current Year's OTTI was reported only for years 2008 through 2011.

One noteworthy trend shown in Figure 9 is that the life industry's reported commercial mortgage loan investment losses declined by more than 50%, from $1.5 billion in 2010 to $607 million in 2011, as the CRE market began recovering. In 2011, approximately two-thirds of reported losses were due to mortgage dispositions. The remaining one-third was derived from loans still owned by the insurer at year-end. Any losses recorded on loans that are still owned are subject to adjustment over time as these loans are worked out. Losses on loans sold, however, are final.

Note that, since 2007 the "increase/decrease by adjustment" category in Figure 9 has been eliminated in insurers' statutory financial statement filings. Rather, insurers now report "other-than-temporary impairments" (OTTIs). The primary difference between the categories is that, under statutory financial reporting rules, with the former category, adjustments could be reversed if the property's performance improved after the adjustment as made; OTTI is permanent. However, under statutory accounting rules, OTTI may be reversed only when (and if) the impaired loan is disposed at a loss lower than what was initially expected.

Conclusion

While the industry has a sizeable exposure to commercial mortgage loans and other forms of CRE, its exposure is diversified (by type of CRE investment) and generally concentrated among a small group of large life insurers. Investment losses of insurer commercial mortgage loans have been modest in comparison to losses incurred by such loans originated by other lender sources, such as banks, as well as commercial mortgage loans that collateralize CMBS. The insurance industry's strong commercial mortgage loan investment performance is primarily due to its conservative underwriting practices, including low LTV ratios and high DSCRs.

The Capital Markets Bureau will continue monitoring the U.S. insurance industry's commercial mortgage and real estate exposure and report on these investments as deemed appropriate.

December 20, 2012								
Major Insurer Share Prices			**Change %**			**Prior**		
		Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Life	Aflac	$54.41	1.7	27.1	25.8	$53.52	$42.81	$43.26
	Ameriprise	63.17	2.7	20.8	27.3	61.49	52.29	49.64
	Genworth	7.25	4.8	27.0	10.7	6.92	5.71	6.55
	Lincoln	26.18	3.5	22.5	34.8	25.29	21.38	19.42
	MetLife	33.46	3.2	9.3	7.3	32.42	30.60	31.18
	Principal	28.29	2.5	8.3	15.0	27.59	26.11	24.60
	Protective	29.25	5.0	(0.6)	29.7	27.86	29.43	22.56
	Prudential	54.10	4.8	12.2	7.9	51.63	48.21	50.12
	UNUM	21.01	0.5	8.4	(0.3)	20.91	19.37	21.07
PC	ACE	$81.29	2.1	9.3	15.9	$79.58	$74.35	$70.12
	Axis Capital	34.92	(2.2)	4.4	9.2	35.68	33.43	31.96
	Allstate	40.99	0.7	16.5	49.5	40.71	35.17	27.41
	Arch Capital	43.63	(1.9)	9.1	17.2	44.49	40.00	37.23
	Cincinnati	40.03	1.1	4.4	31.4	39.59	38.34	30.46
	Chubb	75.70	(1.3)	3.6	9.4	76.66	73.06	69.22
	Everest Re	108.66	1.2	3.5	29.2	107.36	104.94	84.09
	Progressive	21.50	1.8	4.1	10.2	21.13	20.66	19.51
	Travelers	73.38	0.0	14.7	24.0	73.37	63.95	59.17
	WR Berkley	38.62	(1.7)	(1.7)	12.3	39.30	39.30	34.39
	XL	24.86	2.6	18.2	25.7	24.23	21.03	19.77
Other	AON	$56.63	0.8	19.6	21.0	$56.17	$47.35	$46.80
	AIG	35.34	3.9	11.2	52.3	34.01	31.78	23.20
	Assurant	35.28	0.8	1.3	(14.1)	35.01	34.84	41.06
	Fidelity National	23.50	2.3	21.7	47.5	22.98	19.31	15.93
	Hartford	22.60	5.4	29.8	39.1	21.44	17.41	16.25
	Marsh	35.09	2.3	8.1	11.0	34.31	32.48	31.62
Health	Aetna	$46.81	2.7	21.5	11.0	$45.57	$38.53	$42.19
	Cigna	53.92	1.4	25.6	28.4	53.18	42.92	42.00
	Humana	68.40	3.8	(10.8)	(21.9)	65.91	76.66	87.61
	United	55.15	2.1	(1.8)	8.8	54.03	56.17	50.68
	WellPoint	60.74	4.2	(2.5)	(8.3)	58.31	62.31	66.25
Monoline	Assured	$14.43	(0.9)	2.8	9.8	$14.56	$14.03	$13.14
	MBIA	7.97	(5.0)	(26.9)	(31.3)	8.38	10.89	11.59
	MGIC	2.39	0.8	(18.6)	(35.9)	2.37	2.94	3.73
	Radian	5.30	4.5	56.3	126.5	5.07	3.39	2.34
	XL Capital	24.86	2.6	18.2	25.7	24.23	21.03	19.77

December 20, 2012								
Major Market Variables			**Change %**			**Prior**		
		Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Dow Jones Ind		13,236.53	0.5	2.8	8.3	13,167.65	12,871.39	12,217.56
S&P 500		1,436.73	1.5	5.3	14.2	1,415.59	1,363.98	1,257.60
S&P Financial		222.25	3.4	12.0	26.8	214.85	198.44	175.23
S&P Insurance		202.00	1.9	10.9	18.7	198.17	182.21	170.17
US Dollar $			**Change %**			**Prior**		
	/ Euro	$1.32	1.0	5.1	2.0	$1.31	$1.26	$1.30
	/ Crude Oil bbl	89.78	4.1	7.4	(9.2)	86.23	83.62	98.83
	/ Gold oz	1,638.60	(3.3)	2.5	4.6	1,694.40	1,598.90	1,566.80
Treasury Ylds %		**%**	**Change bp**			**%**	**%**	**%**
	1 Year	0.15	0.03	(0.05)	0.05	0.13	0.20	0.11
	10 Year	1.79	0.08	0.20	(0.09)	1.71	1.59	1.88
	30 Year	2.98	0.11	0.28	0.08	2.87	2.70	2.90
Corp Credit Spreads -bp			**Change %**			**Prior**		
	CDX.IG	55.18	(2.6)	(34.3)	(51.5)	56.67	83.99	113.83

December 20, 2012 Major Insurer Bond Yields				Weekly Change				
				Price			Spread	
	Company	Coupon	Maturity	Current	Change	Yield	B.P.	Change
Life	Aflac	8.500%	5/15/2019	$136.03	$0.05	2.38%	126	(8)
	Ameriprise	5.300%	3/15/2020	$118.41	($0.27)	2.50%	117	(7)
	Genworth	6.515%	5/15/2018	$107.63	$0.36	4.89%	393	(15)
	Lincoln National	8.750%	7/15/2019	$133.67	($0.42)	3.02%	185	(2)
	MassMutual	8.875%	6/15/2039	$150.50	($0.13)	5.30%	245	(11)
	MetLife	4.750%	2/15/2021	$115.47	($0.29)	2.62%	114	(5)
	Mutual of Omaha	6.800%	6/15/2036	$121.44	$1.54	5.21%	259	(20)
	New York Life	6.750%	11/15/2039	$136.82	($0.61)	4.40%	156	(7)
	Northwestern Mutual	6.063%	3/15/2040	$128.55	$0.10	4.28%	142	(9)
	Pacific Life	9.250%	6/15/2039	$140.48	($0.03)	6.14%	330	(11)
	Principal	6.050%	10/15/2036	$122.16	($0.54)	4.52%	186	(6)
	Prudential	4.500%	11/15/2020	$111.11	($0.26)	2.91%	147	(4)
	TIAA	6.850%	12/15/2039	$136.22	($0.90)	4.51%	165	(5)
P&C	ACE INA	5.900%	6/15/2019	$123.81	($0.54)	1.96%	79	(1)
	Allstate	7.450%	5/15/2019	$130.96	($0.39)	2.22%	109	(5)
	American Financial	9.875%	6/15/2019	$130.79	$0.61	4.36%	314	(18)
	Berkshire Hathaway	5.400%	5/15/2018	$120.22	($0.30)	1.48%	60	(1)
	Travelers	3.900%	11/15/2020	$113.02	$0.07	2.09%	65	(7)
	XL Group	6.250%	5/15/2027	$118.97	$0.33	4.45%	234	(14)
Other	AON	5.000%	9/15/2020	$114.84	($0.45)	2.85%	139	(3)
	AIG	5.850%	1/15/2018	$118.33	$0.31	2.02%	118	(14)
	Fidelity National	7.875%	7/15/2020	$124.00	($2.63)	-0.01%	(91)	33
	Hartford	5.500%	3/15/2020	$115.53	$0.31	3.09%	174	(14)
	Marsh	9.250%	4/15/2019	$135.43	($0.60)	3.03%	190	5
	Nationwide	9.375%	8/15/2039	$143.04	($0.20)	6.09%	320	(10)
Health	Aetna	3.950%	9/15/2020	$109.29	($0.33)	2.61%	116	(5)
	CIGNA	5.125%	6/15/2020	$115.52	($0.23)	2.81%	139	(7)
	United Healthcare	3.875%	10/15/2020	$110.24	($0.48)	2.43%	97	(2)
	Wellpoint	4.350%	8/15/2020	$110.61	($0.34)	2.80%	141	(4)

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