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 U.S. Insurance Industry's Exposure to the Federal Home Loan Banking System

Established in 1932 by an act of the U.S. Congress in response to the Great Depression, the Federal Home Loan Banking system supports the market for homes by making the related capital markets more efficient and transparent. Instead of making loans to individuals, Federal Home Loan Bank (FHLB) branches provide low-cost financing to the financial institutions that extend loans to homeowners, resulting in the availability of affordable mortgages. Insurance companies interact with the FHLB system in three ways: 1) they borrow from the FHLBs; 2) they invest in FHLB debt; and 3) they own stock in local FHLB branches.

Background

The purpose of the Federal Home Loan Bank system is to provide liquidity and transparency to the capital markets supporting home ownership. Instead of making loans directly to individuals, FHLB branches provide low-cost financing to the companies that extend loans to homeowners, which, in turn, lowers costs for all.

Cooperative Structure

The FHLB system consists of 12 branches as well as a central Office of Finance. Each branch is assigned a territory, which typically consist of four to five states. U.S. territories are identified in the map below.

Each FHLB branch is a cooperative of mortgage lenders. As a cooperative, the branch members set the credit standards and lending policies, elect the board of directors and, ultimately, take responsibility for the branch. If a mortgage originator or commercial bank or insurer wishes to apply for a loan (what the branches refer to as an “advance”) from the local FHLB branch, it must first become a member of the cooperative by purchasing mandatorily redeemable shares. The number of shares required for membership varies by branch. The shares cannot be sold to others; i.e., they are not publicly traded, in part because they confirm membership in the branch. The shares may be redeemed at the appropriate branch for repayment at par, but only after a notice period and only after all advanced amounts are repaid in full.

Once a company (e.g., an insurer, a bank, or a savings and loan, typically) becomes a member, it is free to apply for a loan. No individuals may become members. The table below, provided by the FHLB’s Office of Finance, details the breakdown of the system’s members by company type.

($millions) **As of 12/31/11**	**Member Count**	**Regulatory Capital Stock Held**	**Member Borrowers**	**Total Advances**	**Average Advance**
Commerical Banks	5,424	$22,605	3,605	$208,233	$38.4
Savings Institutions/Thrifts	1,067	8,281	779	95,470	89.5
Credit Unions	1,063	2,519	401	22,815	21.5
Insurance Companies	**234**	**3,387**	**100**	**$46,150**	**$197.2**
Community Development Financial Institutions	7	3	3	6	1
Total Membership†	**7,795**	**$36,795**	**4,888**	**$372,674**	**$47.8**

All of the FHLBs’ loans are secured by collateral. Collateral can vary from home loans (for which a discount rate, or “haircut,” on the collateral value of 50% is not uncommon) to U.S. Treasury and government-sponsored agency bonds (more typical of an insurer’s pledge, where the discount rate is lower and might only be 3%). Collateral is regularly revalued by branch management and, if values fall below acceptable levels, additional collateral contributions or protections need to be provided by the member. FHLB branches do not restrict how proceeds from an advance may be used.

Centralized Financing

FHLB branches tend to carry large cash balances, so most small advances are funded from cash on hand. However, when cash stores run low or an advance is too large to fund by cash on hand, the FHLB branch requests funding from the Office of Finance.

The Office of Finance serves as a centralized financing arm of the FHLB branches. It maintains relationships with the capital markets while consolidating and distributing summary financial results. It also arranges the bond issues (referred to as consolidated obligations) used to fund all 12 FHLB branches. The branches share the funds raised by the Office of Finance, and all the branches also share the obligation to repay the debt. Thus, each branch is legally responsible for repayment of its own debt, plus the debt of all other FHLBs. The joint and several nature of consolidated obligations, along with the support of the federal government, allow the Office of Finance to issue debt at low costs, the result of which is lower interest costs for members.

Comparison to Federal Home Loan Mortgage Corporation (“Freddie Mac”) and Federal National Mortgage Association (“Fannie Mae”)

The following table identifies the government-sponsored entities (GSEs) that support the domestic housing market and provides summary financial results.

Year-end 2011 Financial Results for Home and Farm Financing GSEs

($millions)	Federal Home Loan Banks	Fannie Mae	Freddie Mac	Farmer Mac
Total Mortgage Loans, Net	$53,377	$2,898,621	$1,781,259	$173,374
Advances	418,157	0	0	0
Total Assets	**$766,086**	**$3,211,484**	**$2,147,216**	**$230,411**
Total Capital / (Deficit)	**$39,821**	**($4,571)**	**($146)**	**$35,940**
Net Income / (Loss)	**$1,593**	**($16,855)**	**($5,266)**	**$3,940**

Note: Ginnie Mae is a government agency, and not a GSE.

Freddie Mac and Fannie Mae dwarf the total assets and mortgage loans of the FHLB system. The table below underscores the major differences between the FHLB systems and Freddie Mac and Fannie Mae.

	Federal Home Loan Banks	Fannie Mae	Freddie Mac
Primary Business Activity, by Revenue	Extending advances and making investments in securities (including in mortgage-backed securities)	1. Guarantee mortgage pools 2. Apply the proceeds from low-cost debt to purchase higher-yielding mortgages and related securities.	1. Guarantee mortgage pools 2. Apply the proceeds from low-cost debt to purchase higher-yielding mortgages and related securities.
Legal Structure	Cooperative	Public Corporation	Public Corporation
Capital Contributed by Government	No capital was contributed by the federal governement during recent financial crisis	$117 billion as of September 30, 2012	$65.2 billion as of September 30, 2012
Principal Government support	During the financial crisis, a (mostly symbolic) $4 billion line of credit was provided by the U.S. Treasury. The line was not used and has expired.	Most recently, purchases of preferred stock.	

While the above table compares the FHLB system to Freddie Mac and Fannie Mae, the support they receive as GSEs differs from the support provided the FHLB system. Historically, the debt of Fannie Mae and Freddie Mac enjoyed an implicit guarantee by the federal government. Subsequent to the financial crisis, which brought the GSEs into conservatorship, both Freddie Mac and Fannie Mae received explicit and unlimited financial support through year-end 2012. For calendar year 2013 and beyond, support is expected to be no more than $274 billion. By contrast, the FHLB system has neither needed nor received such explicit support to weather the financial crisis.

Insurance Industry Exposure to the FHLB System

The following table summarizes the various types of exposure to the FHLB system by insurer industry type as of year-end 2011. Note that, while insurers report the year-end borrowing capacities available from the FHLB and total borrowings provided by all lenders, insurers do not separately report FHLB-provided borrowings.

($millions) Insurer Type	Available Borrowing Capacity†	Debt Owned	Common Stock Owned	Total Potential Exposure†	% of Total
Life	$27,828.4	$4,487.2	$2,474.3	$34,789.9	71.6
Property & Casualty	$5,123.4	$6,527.6	$118.7	$11,769.7	24.2
Health	$120.0	$1,572.2	$75.1	$1,767.3	3.6
Fraternal	$10.0	$220.4	$0.2	$230.6	0.5
Title	$0.9	$30.9	$0.0	$31.8	0.1
Total	**$33,082.7**	**$12,838.3**	**$2,668.3**	**$48,589.3**	**100.0**

† Insurers report the borrowing capacity available from the FHLB, and the total amount borrowed, but they do not have to report any explicitly FHLB-provided borrowings.

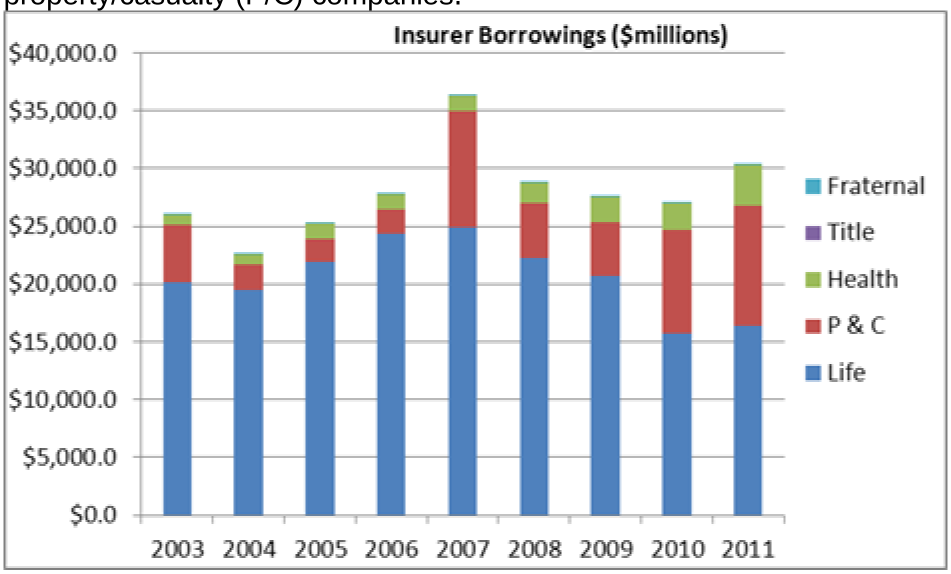
As the table above details, the largest exposure is associated with available borrowing activity. Life companies have the greatest available borrowing capacity among insurers. This report will first examine insurers as FHLB borrowers, then as investors in FHLB debt and, lastly, insurers as FHLB stockholders.

Insurance Companies as Borrowers

The table below details the number of insurance companies that reported borrowings in their financial annual statement, as well as the number of insurers reporting both borrowings and FHLB borrowing capacities. As the table below details, of the 84 life insurers with outstanding borrowings, 73 (or 87%) also reported FHLB borrowing capacities. Because we cannot separate borrowings provided by the FHLB from borrowings provided by other lenders, we cannot be certain that insurers prefer borrowing from the FHLB system. Nevertheless, there appears to be a high correlation between borrowings and FHLB borrowing capacities.

	Life	Property & Casualty	Health	Fraternal	Title	Total
Insurers reporting borrowings across all lenders	84	106	41	2	3	**236**
Insurers reporting FHLB capacity	73	67	4	1	2	**147**
Insurers with year-end borrowings and with FHLB capacity	87%	63%	10%	50%	67%	**62%**

The chart below breaks down the prevalence of borrowing by company type. Life insurers are the largest borrowers, although the chart also shows the recent strong growth in borrowings by property/casualty (P/C) companies.



We broke down year-end 2011 insurance industry borrowings by insurer size. We found that, of the insurers that reported borrowings, most of the borrowing was done by the largest insurers. Lastly, of the borrowers that reported having borrowed from the FHLB system, the majority (75%) were from insurers with cash and invested assets greater than $10 billion.

Insurer Size, by Total Cash and Invested Assets	Number of Insurers	Insurer Borrowings ($000s)	%	Borrowings from Insurers with FHLB capacity ($000s)	%
<=$250MM	3,520	$397,499.0	1.3	$122,116.7	1.6
> $250MM & <= $500MM	346	412,183.9	1.4	63,186.2	0.8
> $500MM & <= $1Bil	227	804,631.1	2.7	521,408.2	6.9
> $1Bil & <= $2.5Bil	236	2,455,408.9	8.1	504,551.6	6.7
> $2.5Bil & <= $5Bil	95	2,494,922.0	8.2	653,499.5	8.7
> $5Bil & <= $10Bil	66	6,510,852.2	21.5	8,358.4	0.1
> $10Bil	100	17,218,941.1	56.8	5,663,395.3	75.1
Total	**4,590**	**$30,294,438.2**		**$7,536,515.9**	

Note: Annual filings do not require insurers to report their obligations by counterparty. Thus, there is no easy or precise way to determine the percentage of industry borrowings that stem from FHLB branches. Nevertheless, in the footnotes to the annual statement, insurers report the amount of collateral pledged to a particular FHLB branch and the number of shares of stock owned, as well as available borrowing capacity. The above table (as well as subsequent related tables) reports as "FHLB Client Borrowings" the reported debt balance for those insurers known to hold FHLB stock.

The most-often cited reason that insurers prefer FHLB branches over commercial lenders are the favorable interest rates the FHLB offers its members. The FHLB system can issue bonds near the risk-free rate, at borrowing rates close to those of the U.S. Treasury. Much of the savings in reduced interest expense is then passed along to the FHLB branch member borrowers.

While insurers benefit from lower cost debt, FHLB branches also benefit from transacting with insurers, as they tend to be large borrowers. The table below, provided by the FHLB's Office of Finance, breaks down member counts and advances by member type.

($millions) **As of 12/31/11**	**Member Count**	**Regulatory Capital Stock Held**	**Member Borrowers**	**Total Advances**	**Average Advance**
Commerical Banks	5,424	$22,605	3,605	$208,233	$38.4
Savings Institutions/Thrifts	1,067	8,281	779	95,470	89.5
Credit Unions	1,063	2,519	401	22,815	21.5
Insurance Companies	**234**	**3,387**	**100**	**$46,150**	**$197.2**
Community Development Financial Institutions	7	3	3.0	6	0.9
Total Membership†	**7,795**	**$36,795**	**4,888**	**$372,674**	**$47.8**

Source: FHLB Office of Finance

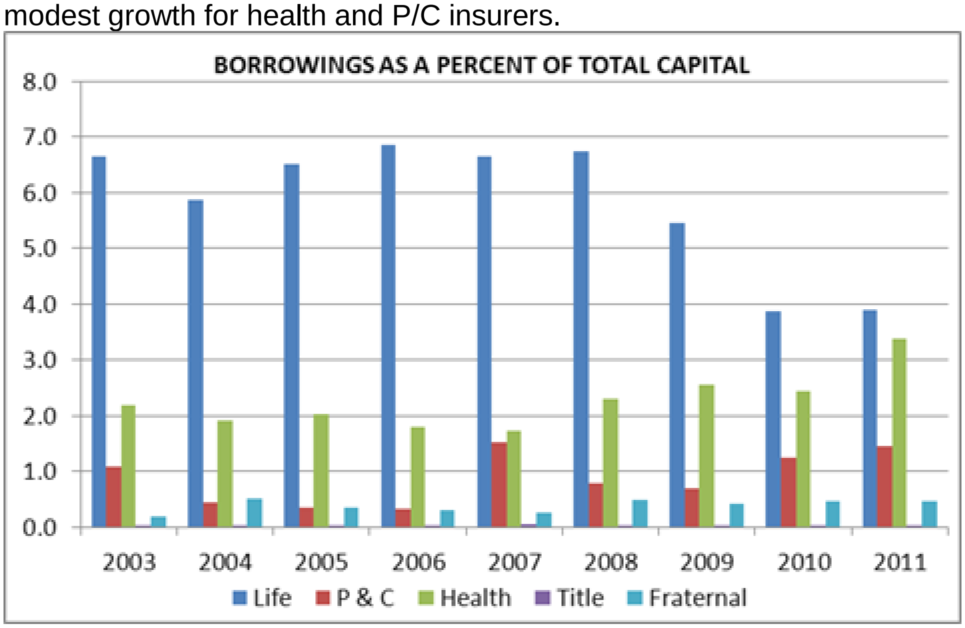
† In addition to member advances, $41.3 billion and $1.1 billion were advanced to non-member borrowers and housing associates, respectively. These additions brought total advances to $415.1 billion.

The table above suggests that insurers on average request larger loans (what the FHLB branches refer to as "advances") than other member types. Because the costs associated with loan management (credit and valuation analysis, money transfers, etc.) are roughly the same regardless of loan size, larger loans in general earn more. At certain FHLB branches, insurers represent 5% of the membership and 10% or more of the advances. Additionally, and beneficially, insurers have historically offered FHLB branches better collateral than the typical FHLB client; i.e., liquid securities, such as U.S. Treasury and government-sponsored agency bonds, instead of (less liquid) home mortgages. Thus, while an insurer might be drawn to a FHLB loan due to the lower interest rate, by lending to insurers, FHLB branches benefit from an improvement in the quality of their collateral pool, in addition to higher account profitability.

FHLB branches require collateral for all of their loans. The more liquid and more easily valued the asset posted as collateral, the lower the discount taken against the collateral's value. The FHLB can discount most assets, and, given the range of discount rates, has little preference for one asset type over another. Historically, insurers have been willing to provide government-sponsored agency and Treasury bonds as collateral, in essence offering a different balance from a typical collateral package offered by a commercial bank or savings and loan. However, the mix of assets an insurer posts as collateral could change, if and as insurers are required to allocate higher-grade agency and Treasury securities to other counterparties (e.g., derivatives clearinghouses).

When the capital position of an insurer is strong, the assignment of securities to the FHLB branch should not be a significant concern. However, if an insurer finds itself in financial distress while a loan from the local FHLB branch is outstanding, uncertainty could arise as to the priority of the claim on the collateral pledged to the FHLB. In the past, such uncertainty has arisen in a limited number of cases. In each case, the insurance regulators and the FHLB branch management, working in tandem, facilitated a positive outcome despite the situational difficulties.

The chart below details historical FHLB borrowings as a percentage of total capital for the various insurer types. Of note is the sharp decline in the ratio for life insurers, as well as the modest growth for health and P/C insurers.



Insurers as Debt Investors

In addition to borrowing money from the local FHLB branch, insurers have the option to invest in FHLB securities. The table below summarizes the amount of FHLB debt held by insurers as of year-end 2011. P/C insurers have the largest appetite for these bonds, with almost 25% of them being relatively small (i.e., having $250 million or less in total assets).

Industry Holdings of FHLB Debt Securities

($millions)	DEBT EXPOSURE				
Insurer Size	**Property/ Casualty**	**Life**	**Health**	**Fraternal and Title**	**Total**
<=$250 mil	$1,604.5	$243.6	$555.7	$62.2	$2,466.0
>$250 to <= $500	849.2	120.8	228.1	17.0	1,215.2
> $500 to <= $1 bil	735.2	401.1	258.6	11.5	1,406.4
> $1 bil to <= $2.5 bil	828.8	232.4	157.8	61.4	1,280.4
> $2.5 bil to <=$5 bil	94.9	186.2	123.5	13.4	418.0
> $5 bil to <= $10 bil	726.6	226.0	248.5	38.3	1,239.5
more than $10 bil	1,688.4	3,077.1	0.0	47.4	4,812.9
Total	**$6,527.6**	**$4,487.2**	**$1,572.2**	**$251.3**	**$12,838.3**

Looking at the maturity breakdown as of year-end 2011, the FHLB bonds held by insurers are largely short-term in nature, as detailed in the table below.

Federal Home Loan Bank bonds held by Insurers, by Years to Maturity

($millions) Years to Maturity	**Property/ Casualty**	**Life**	**Health**	**Fraternal**	**Title**	**Total**	**% of Total**
<=5 years	$4,120.1	$2,054.7	$1,172.1	$88.7	$27.6	$7,463.3	58.1
> 5 and <= 10 years	1,707.3	790.2	275.8	25.7	3.3	2,802.3	21.8
>10 and <= 20 years	594.2	709.2	44.7	80.9	0.0	1,429.0	11.1
> 20 years	106.0	933.1	79.5	25.0	0.0	1,143.6	8.9
Total	**$6,527.6**	**$4,487.2**	**$1,572.2**	**$220.4**	**$30.9**	**$12,838.3**	100.0
% of Total	50.8	35.0	12.2	1.7	0.2	100.0	

Insurers as FHLB Shareholders

The breakdown of insurers that hold FHLB stock is shown in the table below. Note that stock ownership conveys membership in the local FHLB branch and is necessary before advances can be extended. Because life insurers are the largest insurance company borrowers in the FHLB system, it is not surprising that they also own the most stock.

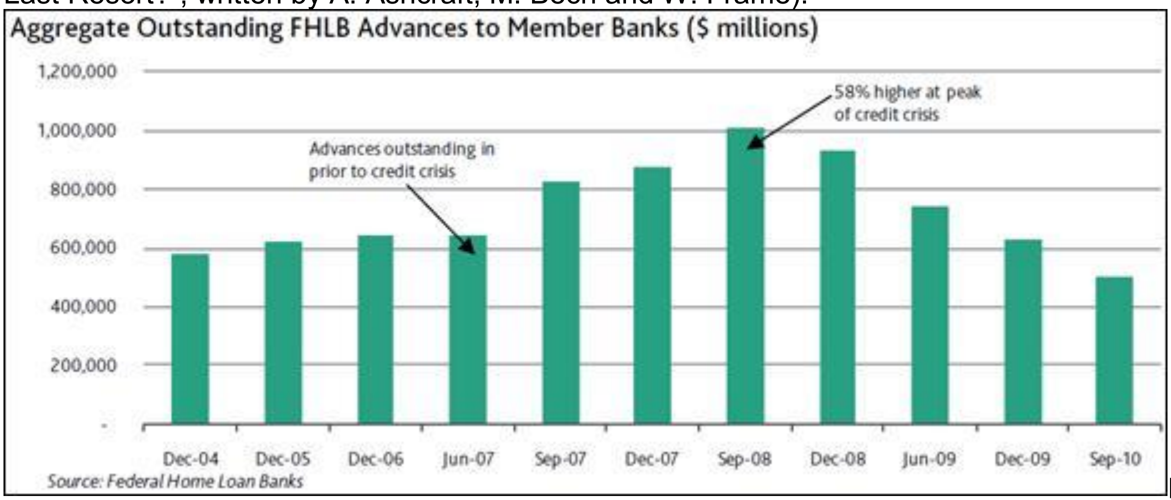
($millions)	COMMON STOCK EXPOSURES				INSURER COUNTS			
Insurer Size	**Life**	**Property/ Casualty**	**Health, Fraternal & Title**	**Total**	**Life**	**Property/ Casualty**	**Health, Fraternal & Title**	**Total**
<=$250 mil	$3.6	$6.8	$0.0	$10.4	10	29	2	41
>$250 to <= $500	3.0	8.6	0.2	11.8	6	16	1	23
> $500 to <= $1 bil	28.2	14.6	0.0	42.8	9	9	0	18
> $1 bil to <= $2.5 bil	24.3	16.9	14.4	55.6	10	7	3	20
> $2.5 bil to <=$5 bil	105.6	21.2	0.0	126.8	12	3	0	15
> $5 bil to <= $10 bil	247.5	9.9	60.7	318.1	11	2	1	14
more than $10 bil	2,062.1	40.7	0.0	2,102.8	32	1	0	33
Total	$2,474.3	$118.7	$75.3	$2,668.3	90	67	7	164

The table below tracks the steady growth of insurance companies investing in the common stock of FHLB branches for the past three years.

Common Stock Holdings			
($millions)	**2009**	**2010**	**2011**
Life	$2,410.8	$2,429.5	$2,474.3
Property & Casualty	66.6	119.5	118.7
Health	10.0	7.1	75.1
Fraternal	0.7	0.8	0.2
Title	0.5	0.5	0.0
Total	**$2,488.6**	**$2,557.5**	**$2,668.3**
Growth		2.8%	4.3%

Additional Considerations in Reviewing FHLB Exposures

The chart below underscores that, during the financial crisis of 2008, FHLB branches provided much needed liquidity to their members and, indirectly, the capital markets. A staff report by the New York Federal Reserve Bank noted that, in the six months ended Dec. 31, 2007, advance lending by FHLB branches rose by $235 billion, a 36.7% increase, and that it was not until March 2008 that the Federal Reserve Banks surpassed the FHLBs to become the largest government-sponsored liquidity facility in terms of crisis lending to the financial system. Since 2008, advances provided by the FHLBs have decreased more than 50%. The decline in aggregate outstanding FHLB advances subsequent to the 2008 peak reflects both forceful Federal Reserve intervention (through bail-outs, loans, asset purchases, guarantees and direct spending provided by banks and other institutions) and increased bank market liquidity. Prudent insurers maintain a diversity of liquidity sources against such crises; as the chart below suggests, the FHLB system provided a useful source of liquidity to member banks ahead of the actions of the Federal Reserve. (More information on the role of the FHLB system ahead of the actions of the Federal Reserve can be found in the November 2008 Federal Reserve Bank of New York Staff Report no. 357, “The Federal Home Loan Bank System: The Lender of Next-to-Last Resort?”, written by A. Ashcraft, M. Bech and W. Frame).



Note: Chart taken from “Covered-Bond Impact Would Be Positive for Banks, Negative for FHLB branches” by W. Kornfeld and B. Harris, March 14, 2011, Moody’s Investors Service.

Conclusion

Since their inception in 1932, the FHLB branches have succeeded in improving the liquidity of smaller financial institutions, lowering costs for its members, and, less directly, the cost of home ownership in the United States. Importantly, they did not need a federal government bailout or other external assistance to weather the most recent financial crisis. Although not well known and sometimes misunderstood, the branches of the FHLB system have been, and are expected to continue to be, important and supportive partners to financial market participants and, in particular, insurance companies.

The NAIC Capital Markets Bureau will publish additional research on this topic as deemed appropriate.

December 14, 2012								
Major Insurer Share Prices			**Change %**			**Prior**		
		Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Life	Aflac	$53.52	0.2	25.0	23.7	$53.42	$42.81	$43.26
	Ameriprise	61.49	(1.1)	17.6	23.9	62.18	52.29	49.64
	Genworth	6.92	4.5	21.2	5.6	6.62	5.71	6.55
	Lincoln	25.29	(1.5)	18.3	30.2	25.67	21.38	19.42
	MetLife	32.42	(1.2)	5.9	4.0	32.80	30.60	31.18
	Principal	27.59	(0.4)	5.7	12.2	27.70	26.11	24.60
	Protective	27.86	3.4	(5.3)	23.5	26.95	29.43	22.56
	Prudential	51.63	(1.5)	7.1	3.0	52.43	48.21	50.12
	UNUM	20.91	0.7	8.0	(0.8)	20.76	19.37	21.07
PC	ACE	$79.58	(1.7)	7.0	13.5	$80.97	$74.35	$70.12
	Axis Capital	35.68	(0.7)	6.7	11.6	35.93	33.43	31.96
	Allstate	40.71	(1.7)	15.8	48.5	41.40	35.17	27.41
	Arch Capital	44.49	(0.4)	11.2	19.5	44.66	40.00	37.23
	Cincinnati	39.59	(2.2)	3.3	30.0	40.48	38.34	30.46
	Chubb	76.66	(1.2)	4.9	10.7	77.56	73.06	69.22
	Everest Re	107.36	(1.3)	2.3	27.7	108.72	104.94	84.09
	Progressive	21.13	(1.8)	2.3	8.3	21.52	20.66	19.51
	Travelers	73.37	0.1	14.7	24.0	73.33	63.95	59.17
	WR Berkley	39.30	(1.3)	0.0	14.3	39.82	39.30	34.39
	XL	24.23	(2.9)	15.2	22.5	24.95	21.03	19.77
Other	AON	$56.17	(0.9)	18.6	20.0	$56.69	$47.35	$46.80
	AIG	34.01	0.3	7.0	46.6	33.90	31.78	23.20
	Assurant	35.01	1.2	0.5	(14.7)	34.60	34.84	41.06
	Fidelity National	22.98	(1.7)	19.0	44.3	23.38	19.31	15.93
	Hartford	21.44	(1.3)	23.2	31.9	21.72	17.41	16.25
	Marsh	34.31	(2.3)	5.7	8.5	35.11	32.48	31.62
Health	Aetna	$45.57	2.8	18.3	8.0	$44.34	$38.53	$42.19
	Cigna	53.18	0.7	23.9	26.6	52.80	42.92	42.00
	Humana	65.91	(0.7)	(14.0)	(24.8)	66.37	76.66	87.61
	United	54.03	0.9	(3.8)	6.6	53.54	56.17	50.68
	WellPoint	58.31	1.3	(6.4)	(12.0)	57.54	62.31	66.25
Monoline	Assured	$14.56	0.4	3.8	10.8	$14.50	$14.03	$13.14
	MBIA	8.38	(0.2)	(23.0)	(27.7)	8.40	10.89	11.59
	MGIC	2.37	19.1	(19.3)	(36.5)	1.99	2.94	3.73
	Radian	5.07	7.0	49.6	116.7	4.74	3.39	2.34
	XL Capital	24.23	(2.9)	15.2	22.5	24.95	21.03	19.77

December 14, 2012							
Major Market Variables		**Change %**			**Prior**		
	Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Dow Jones Ind	13,167.65	0.3	2.3	7.8	13,124.30	12,871.39	12,217.56
S&P 500	1,415.59	0.0	3.8	12.6	1,415.33	1,363.98	1,257.60
S&P Financial	214.85	0.1	8.3	22.6	214.66	198.44	175.23
S&P Insurance	198.17	0.0	8.8	16.5	198.10	182.21	170.17
US Dollar $		**Change %**			**Prior**		
/ Euro	$1.31	1.2	4.0	1.0	$1.29	$1.26	$1.30
/ Crude Oil bbl	86.23	0.2	3.1	(12.7)	86.07	83.62	98.83
/ Gold oz	1,694.40	(0.4)	6.0	8.1	1,700.80	1,598.90	1,566.80
Treasury Ylds %	**%**	**Change bp**			**%**	**%**	**%**
1 Year	0.13	(0.04)	(0.08)	0.02	0.17	0.20	0.11
10 Year	1.71	0.08	0.12	(0.17)	1.63	1.59	1.88
30 Year	2.87	0.05	0.18	(0.02)	2.82	2.70	2.90
Corp Credit Spreads -bp		**Change %**			**Prior**		
CDX.IG	56.67	(5.9)	(32.5)	(50.2)	60.21	83.99	113.83
CDX.XO	144	(11.9)	(24.9)	(24.9)	163.5	191.67	191.67

December 14, 2012

Major Insurer Bond Yields

	Company	Coupon	Maturity	Weekly Change				
				Price			Spread	
				Current	Change	Yield	B.P.	Change
Life	Aflac	8.500%	5/15/2019	$135.98	($0.59)	2.41%	135	(0)
	Ameriprise	5.300%	3/15/2020	$118.68	($0.63)	2.47%	124	0
	Genworth	6.515%	5/15/2018	$107.27	$0.49	4.97%	408	(19)
	Lincoln National	8.750%	7/15/2019	$134.09	$0.43	2.97%	187	(15)
	MassMutual	8.875%	6/15/2039	$150.63	($2.93)	5.30%	255	6
	MetLife	4.750%	2/15/2021	$115.76	($0.69)	2.59%	119	1
	Mutual of Omaha	6.800%	6/15/2036	$119.90	($1.78)	5.31%	279	5
	New York Life	6.750%	11/15/2039	$137.44	($2.54)	4.37%	163	7
	Northwestern Mutual	6.063%	3/15/2040	$128.46	($2.18)	4.28%	151	5
	Pacific Life	9.250%	6/15/2039	$140.52	($2.22)	6.14%	341	4
	Principal	6.050%	10/15/2036	$122.71	($1.60)	4.49%	192	4
	Prudential	4.500%	11/15/2020	$111.37	($0.61)	2.88%	151	(1)
	TIAA	6.850%	12/15/2039	$137.12	($2.33)	4.47%	170	4
P&C	ACE INA	5.900%	6/15/2019	$124.35	($1.04)	1.89%	80	5
	Allstate	7.450%	5/15/2019	$131.35	($0.88)	2.18%	114	4
	American Financial	9.875%	6/15/2019	$130.18	($0.02)	4.47%	332	(9)
	Berkshire Hathaway	5.400%	5/15/2018	$120.52	($0.54)	1.44%	61	1
	Travelers	3.900%	11/15/2020	$112.95	($0.93)	2.11%	73	4
	XL Group	6.250%	5/15/2027	$118.65	$1.25	4.48%	248	(8)
Other	AON	5.000%	9/15/2020	$115.29	($0.56)	2.80%	141	(6)
	AIG	5.850%	1/15/2018	$118.01	$0.40	2.09%	132	(15)
	Fidelity National	7.875%	7/15/2020	$126.63	($1.02)	-0.40%	(124)	7
	Hartford	5.500%	3/15/2020	$115.22	($0.22)	3.14%	188	(7)
	Marsh	9.250%	4/15/2019	$136.03	($0.42)	2.96%	185	(11)
	Nationwide	9.375%	8/15/2039	$143.24	($2.13)	6.08%	330	5
Health	Aetna	3.950%	9/15/2020	$109.62	($0.72)	2.56%	121	(1)
	CIGNA	5.125%	6/15/2020	$115.75	($0.35)	2.78%	146	(6)
	United Healthcare	3.875%	10/15/2020	$110.72	($1.05)	2.37%	99	5
	Wellpoint	4.350%	8/15/2020	$110.95	($0.66)	2.75%	145	0

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