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**

Investment Portfolios of Reinsurers Within the U.S. Insurance Industry

An insurance company often passes through a certain amount of policy-coverage risk to one or more other insurance companies, the latter of which are known as reinsurers. The insurance company handing over the risk, along with a share of the insurance premiums on the transferred policies, is known as the "ceding party" or "ceding insurer." Reinsurance is sometimes called "insurance for insurers." It is intended to reduce the risk of an insurance company having to pay claims on large, unforeseen, extraordinary losses associated with underwritten policies, by spreading such risk across one or more reinsurers. In turn, the reinsurer charges a premium to indemnify the ceding insurer against all or part of a loss that it, as a result, might incur. Reinsurance may be applied to a particular class of business or to a specific risk; it plays a significant role in covering natural disaster losses. Growth in the reinsurance market occurred largely because it enables insurers to pass along risk to other parties, thereby limiting earnings volatility and optimizing their use of capital.

Insurers are not required to enter into reinsurance contracts necessarily with United States (U.S.)-domiciled companies. The insurance industry actually functions more effectively by having the ability to engage worldwide reinsurers. Reinsurance is in fact global, with approximately 46% of all U.S. property/casualty reinsurance premiums, and 66% of all U.S. property catastrophe reinsurance premiums, written by foreign reinsurance companies, according to the Reinsurance Association of America (RAA), a leading property/casualty reinsurance industry trade group that was established in 1968. To ensure U.S. insurers collect on overseas reinsurance, state insurance departments have established regulatory requirements for such contracts and often require a security agreement between the ceding insurance company and the reinsurer.

Credit for Reinsurance: Recent Industry Changes

In November 2011, the NAIC adopted changes to its reinsurance model law and model regulation (Model #785 and Model #786) relative to ceding insurers receiving financial statement credit for reinsurance. Under the previous NAIC models, in order for U.S. ceding companies to receive reinsurance credit, the reinsurance was required to either be ceded to U.S.-licensed reinsurers or secured by collateral representing 100% of U.S. liabilities for which the credit is recorded. The 2011 revisions serve to reduce the collateral requirements for non-U.S.-licensed reinsurers that are licensed and domiciled in qualified jurisdictions. These collateral requirements have been a frequent subject of debate over the past decade, with various groups calling for the elimination of the collateral requirement for reinsurers licensed in well-regulated jurisdictions.

Under the revised NAIC models, a non-U.S.-licensed reinsurer may be certified as such by the state or respective commissioner. To be eligible for certification, the reinsurer must demonstrate that it has adequate financial capacity to meet reinsurance obligations. For example, a certified reinsurer must maintain a minimum $250 million capital and surplus, as well as two financial strength ratings from an acceptable rating agency or other nationally recognized statistical rating organization (NRSRO). As part of the certification evaluation, the state/commissioner assigns a rating to the reinsurer based on its financial strength ratings and business practices. Subsequent to certification, a certified reinsurer is eligible for a reduction in the amount of collateral it must post with respect to new or renewed reinsurance contracts. The amount of collateral that a certified reinsurer is required to post corresponds to the rating assigned by the state/commissioner upon certification, which then determines how much financial statement credit the ceding insurer is eligible to receive for the reinsurance ceded.

Why Reinsurance?

Insurers enter into reinsurance contracts for several reasons. In some cases, the goal is to limit loss exposure commensurate with net assets, which, in turn, enables the insurer to increase coverage limits. That is, reinsurance frees up the amount of risk that the insurer can assume based on its surplus and the nature of the business written. In other cases, reinsurance is beneficial in lowering an insurer's loss potential, which tends to arise as variations in profits and losses develop over time due in part to policies whose end-cost is unknown until sometime in the future. Reinsurance can also enhance protection against catastrophic loss by covering a financial loss from a single event, or an aggregate of multiple claims from a single event.

Reinsurance is entered into via contract between the ceding insurance company and the reinsurer. The ceding insurer is indemnified (protected) for any losses incurred on its insurance policies that are covered by the reinsurer. Primarily, there are two ways to obtain reinsurance. One way is to prorate the premiums, losses and expenses between the ceding insurer and reinsurer. The other way is to have the ceding insurer be responsible for losses up to a predetermined retention level, after which the reinsurer would be responsible for losses in excess of this level, but limited by the terms of the reinsurance contract. In addition, the reinsurer, in turn, may diversify its risk portfolio by passing along some of its reinsurance risk to other insurance companies (known as retrocession) or to the capital markets through securitization.

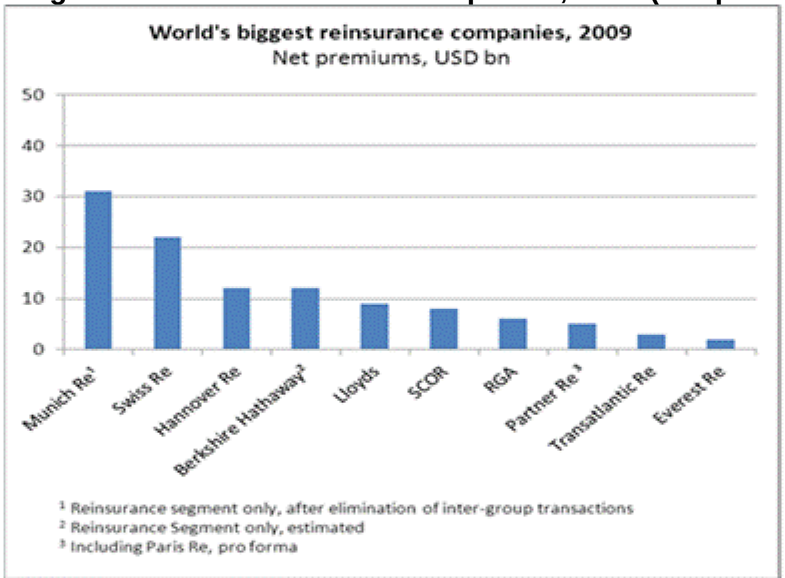
While the ceding insurer is obligated to hold reserves against policies written, it is permitted to reduce the amount of reserves held as it enters into reinsurance contracts. An important perspective to consider is that the ceding insurer is obligated to fulfill its claims to the policyholder whether or not the reinsurer performs under the terms of the reinsurance contract. This in turn, emphasizes the quality of the reinsurance – that is, the willingness and ability of the reinsurer to fulfill its obligations – and also the quality of the reinsurer's investment portfolio. The quality of the reinsurer is reflected in part by the NRSRO financial strength ratings (see attached Addendum for NRSRO ratings for the 30 U.S. insurance companies and largest 5 global insurance companies included in this report). So if the reinsurer fails to meet its obligations under the contract, the ceding insurer is responsible for coming up with the capital required to meet any claims-paying obligations relative to the originally ceded insurance, or find an appropriate, alternative reinsurance option.

The Reinsurance Market

According to research published by Swiss Re, there are approximately 200 companies offering reinsurance, with Germany, Switzerland and the U.S. representing the three most prominent domiciles for reinsurers. Additional key players, however, may also be found in Bermuda and among the Lloyd's of London syndicates.

About half of all ceded reinsurance business originates from North America, due in part to the significant size of the primary insurance market, as well as due to heavy exposure to natural catastrophes and liability risks.

Largest Global Reinsurance Companies, 2009 (Net premiums, USD bn)



Source: Swiss Re

Understanding Potential Systemic Risk

There are certain risks that should be considered relative to the reinsurers' investment portfolios. This is particularly true with respect to systemic risk. While the primary insurer is indemnified with respect to any losses that might occur on policies covered by a reinsurer, if the reinsurer's investment portfolio were to take on significant losses, its claims-paying ability could be negatively affected. This, in turn, would negatively affect the ceding insurers. So, if a substantial portion of all reinsurers' investment portfolios contained exposure to the same or vastly similar types of securities — particularly those with increased credit risk, such as Greek sovereign debt, for example — the overall reinsurance industry could be adversely impacted. Therefore, it is prudent that reinsurer investment portfolios are structured not only to match liabilities in terms of duration, but also in terms credit quality. That is, reinsurer investment portfolios are generally conservatively structured in high-quality, low-risk assets.

Largest U.S. Reinsurers

The NAIC Capital Markets Bureau studied the investment portfolio composition of 30 U.S. insurers identified by RAA as having unaffiliated reinsurance (>50% of total premiums) with premiums assumed in excess of $10 million and policyholders' surplus greater than $50 million as of year-end 2010 and as of year-end 2011. The table below shows the largest five insurance groups that were included in this list of 30 U.S. insurers based on book/adjusted carrying value (BACV) of total assets as of year-end 2011. Altogether, these five reinsurers' total assets comprised slightly more than 80% of total assets across the 30 companies ($224.2 billion). Berkshire Hathaway's (Berkshire) investments represented a majority of this total.

Largest Five U.S. Reinsurers as of Year-End 2011 (by Total Assets)

Insurance Group	BACV 2011 Total Assets ($000)	% of Total Assets
Berkshire Hathaway *	131,120,283.6	58.5%
Munich Re	17,851,482.6	8.0%
Transatlantic Holdings	13,605,486.8	6.1%
Swiss Re	12,720,458.7	5.7%
Everest Reinsurance Holdings	8,787,105.7	3.9%
Top 5 insurance groups:	$ 184,084,817.3	82.1%
Total assets for 30 companies	$ 224,193,481.4	

*The two Berkshire insurance

companies that were included in this list of 30 were General Reinsurance Corp. and National Indemnity Company.

U.S. Reinsurer Asset Mix

With respect to the 30 U.S.-based reinsurers, our study showed that the majority of reinsurance premiums were invested in bonds and common stocks, at 31.4% and 38.9% of total investments, respectively, as indicated in the table below. In comparison to the overall insurance industry, as of year-end 2011 bonds represented the majority of invested assets, at 77.4% of the total, while common stock represented only 4% of total invested assets.

As of year-end 2011, the aggregate bond exposure for reinsurers remained relatively consistent with that of year-end 2010, at about $65 billion; however, common stocks increased almost 25% year-over-year to $81.2 billion. This is due mostly to an actual increase in investments, rather than an increase in market value year-over-year based on observed market returns. There was also a significant decrease in preferred stock and commercial mortgage loan investments from year-end 2010 to year-end 2011, as shown in the table below.

Reinsurers' Total Cash and Invested Assets: 2010 vs. 2011

	2010 BACV ($000)	% of Total	2011 BACV ($000)	% of Total	% change 2010-2011
Bonds	64,807,184.2	32.2%	65,503,411.7	31.4%	1.1%
Preferred Stocks	7,194,605.6	3.6%	3,840,934.8	1.8%	-46.6%
Common Stocks	65,203,317.3	32.4%	81,182,462.8	38.9%	24.5%
Commercial mortgage loans	122,500.8	0.1%	68,079.2	0.0%	-44.4%
Real estate properties	177,285.6	0.1%	211,183.5	0.1%	19.1%
Cash, cash equivalents, short-term investments	11,594,155.0	5.8%	9,089,778.1	4.4%	-21.6%
Other invested assets	52,110,753.1	25.9%	48,583,492.6	23.3%	-6.8%
Total investments	**$ 201,209,801.7**	**100.0%**	**$ 208,479,342.6**	**100.0%**	

Excluding Berkshire Hathaway

Given that Berkshire's investments represent such a large portion of the U.S. reinsurers' aggregate portfolio (slightly less than 60% of the total), we analyzed the investment portfolio mix of the 30 U.S. reinsurance companies as of year-end 2010 and year-end 2011 without Berkshire investments. That is, we excluded the investments of the two Berkshire companies (General Reinsurance Corp. and National Indemnity Company) that were included on the list of 30 reinsurer companies. A year-over-year comparative is shown in the table below.

Reinsurer Investment Mix Without Berkshire Hathaway Investments: 2010 vs. 2011

	2010 BACV ($000) w/o Berkshire	% of Total	2011 BACV ($000) w/o Berkshire	% of Total
Bonds	61,735,677.1	75.7%	59,137,432.6	72.6%
Preferred Stocks	385,212.4	0.5%	467,674.7	0.6%
Common Stocks	10,427,090.6	12.8%	11,324,970.2	13.9%
Commercial mortgage loans	122,500.8	0.2%	68,079.2	0.1%
Real estate properties	176,565.0	0.2%	210,483.0	0.3%
Cash, cash equivalents, short-term investments	6,340,011.6	7.8%	7,233,345.5	8.9%
Other invested assets	2,318,399.4	2.8%	3,005,445.7	3.7%
Total investments	**$ 81,505,456.9**	**100.0%**	**$ 81,447,430.9**	**100.0%**

Analyzing the aggregate investment portfolio excluding Berkshire investments, bonds were $59.1 billion as of year-end 2011, meaning that Berkshire's bond investments totaled approximately $6.4 billion. Berkshire's overall investment portfolio (approximately $127.0 billion as of year-end 2011) comprised 61% of total reinsurer investments as of year-end 2011, at least with respect to the 30 companies included in this study. More significant, Berkshire's common stock investments were a substantial portion of overall reinsurer common equity investments, at $69.6 billion, which was 86% of the 30 U.S. reinsurers' total common equity investment of $81.2 billion as of year-end 2011.

A More Granular Analysis into Bond Types and Comparison to the Overall Insurance Industry

Upon further analysis of the bond exposure of the 30 U.S. reinsurance companies, our study confirmed that reinsurers are conservative investors, with $11.2 billion (or approximately 17%) of total investments held in U.S. Treasuries or direct obligations of government-sponsored entities as of year-end 2011. Notwithstanding, the majority, or $18.5 billion (28.2%), was invested in corporate securities, followed closely by municipal bonds at $15.4 billion (23.5%).

Reinsurer Investment Portfolio – Bond Breakdown: 2010 vs. 2011

Bond Type	2010 BACV ($000)	% of Total	2011 BACV ($000)	% of Total	% change 2010-2011
US Treasury, agency and GSE bonds	14,026,038.1	21.6%	11,242,513.0	17.2%	-19.8%
Foreign government	3,783,003.9	5.8%	4,425,776.0	6.8%	17.0%
Municipal Bonds	17,003,344.0	26.2%	15,396,687.0	23.5%	-9.4%
U.S. agency & GSE-backed RMBS	7,538,457.1	11.6%	8,033,776.1	12.3%	6.6%
U.S. agency-backed CMBS	1,052,822.7	1.6%	851,049.5	1.3%	-19.2%
Corporate (unaffiliated)	17,662,683.0	27.3%	18,470,265.6	28.2%	4.6%
Asset-backed securities (ABS)	484,090.5	0.7%	1,207,734.9	1.8%	149.5%
Residential Mortgage-backed Securities (non-agency RMBS)	1,144,047.9	1.8%	552,699.1	0.8%	-51.7%
Commercial Mortgage-backed Securities (non-agency CMBS)	1,894,619.7	2.9%	1,550,359.8	2.4%	-18.2%
Other (CTL, affiliate investments, hybrid securities)	218,077.3	0.3%	3,772,550.6	5.8%	1629.9%
Total	**$ 64,807,184.2**	**100%**	**$ 65,503,411.7**	**100%**	

Comparing year-end 2011 to year-end 2010, the overall bond composition did not change much. While there was a decrease in exposure to U.S. Treasuries and government bonds, as well as agency-backed CMBS, there was a substantial increase in exposure to ABS and other investments. Not surprisingly, there was also a decrease in exposure to private label (non-agency) RMBS and CMBS.

The bond breakdown as of year-end 2011 also mitigates concern over potential broad market risk across the 30 reinsurers' portfolios, especially with respect to "controversial" asset types. That is, non-agency RMBS comprised less than 1% of total investments as of year-end 2011, and foreign government bonds, which was 6.8% of total investments, included only $14.6 million in Greek government debt held by one reinsurer.

With regard to credit quality of the overall bond exposure for the 30 companies, about 97% were considered investment grade as of both year-end 2010 and year-end 2011, evidenced by NAIC 1 and NAIC 2 designations, as shown in the table below. Note that less than 1% of the overall bond exposure for both years was in the lowest-quality bond categories (i.e., with NAIC 5 and NAIC 6 designations). The high quality of the bonds, therefore, mitigates any concern regarding credit risk.

Bonds – NAIC Designations

NAIC Designation	2010 BACV ($000)	% of Total	2011 BACV ($000)	% of Total
1	57,323,319.0	88.5%	57,453,840.5	87.7%
2	5,396,382.8	8.3%	5,884,382.3	9.0%
3	584,115.1	0.9%	751,907.0	1.1%
4	1,076,466.6	1.7%	916,216.1	1.4%
5	208,825.6	0.3%	127,260.0	0.2%
6	218,075.3	0.3%	369,805.9	0.6%
	$ 64,807,184.2	100%	**$ 65,503,411.7**	100%

In comparison to the overall industry, as of year-end 2011, the majority of bond investments were corporate bonds, at 33.9% of total invested assets, followed by government bonds (which included municipals) at 25.5% of invested assets.

Relatively consistent with year-end 2010, the largest 10 corporate bond exposures comprised 15% of overall corporate bond exposure as of year-end 2011 for the 30 companies. Wrigley William Jr. Co., a subsidiary of Mars Inc., was the largest corporate bond exposure. The remaining largest exposures for the most part included the same issuer names year-over-year, with one exception. Note that seven of the 10 exposures (or 8.9% of total BACV corporate bond exposure) were in finance-related industries (including GE Capital Corp) as of year-end 2011.

Top 10 Corporate Bond Exposures: 2010 vs. 2011

	2010 BACV ($000)	% of Total	2011 BACV ($000)	% of Total	% change 2010-2011
Bonds	64,807,184.2	32.2%	65,503,411.7	31.4%	1.1%
Preferred Stocks	7,194,605.6	3.6%	3,840,934.8	1.8%	-46.6%
Common Stocks	65,203,317.3	32.4%	81,182,462.8	38.9%	24.5%
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Real estate properties	177,285.6	0.1%	211,183.5	0.1%	19.1%
Cash, cash equivalents, short-term investments	11,594,155.0	5.8%	9,089,778.1	4.4%	-21.6%
Other invested assets	52,110,753.1	25.9%	48,583,492.6	23.3%	-6.8%
Total investments	**$ 201,209,801.7**	**100.0%**	**$ 208,479,342.6**	**100.0%**	

Common stock exposure was significantly larger than preferred stock. Overall, for the 30 companies, common stock was $81.2 billion (or almost 40%) of total investments, compared to $3.8 billion (or less than 2%) for preferred stock. The breakdown of total equity exposure across all 30 companies as of year-end 2011 and year-end 2010 is shown in the table below. On an aggregate basis, common stock comprised about 95% of total equity exposure as of year-end 2011.

Equity Exposure	2010 BACV ($000)	% of Total	2011 BACV ($000)	% of Total
Common stock (unaffiliated)	33,985,555.8	46.9%	47,899,240.9	56.3%
Common stock (affiliated)	31,138,892.9	43.0%	33,200,332.1	39.0%
Mutual funds (common stock)	78,868.7	0.1%	82,889.7	0.1%
Preferred stock	7,194,605.6	9.9%	3,840,934.8	4.5%
Total	**$ 72,397,923.0**	**100%**	**$ 85,023,397.6**	**100%**

Analyzing the common equity exposure in more detail, the table below shows the five largest common equity holdings for the 30 reinsurers as of year-end 2010 and year-end 2011. Year over year, the largest exposure was consistently with GEICO Corporation — an indirect, wholly-owned subsidiary of Berkshire — the BACV of which increased slightly, from $15.2 billion to

$16.0 billion. The largest five common equity names represented 60% of total common equity exposure for reinsurers as of year-end 2010, as well as for year-end 2011.

Top Five Common Equity Exposures: 2010 vs. 2011

	2010 BACV ($000)	% of Total		2011 BACV ($000)	% of Total
GEICO Corporation	15,206,988.3	23%	GEICO Corporation	16,044,045.0	20%
Coca Cola Company	9,044,166.9	14%	IBM Corp	11,783,001.7	15%
Wells Fargo & Company	5,274,336.3	8%	Coca Cola Company	9,613,178.4	12%
American Express Company	5,170,437.4	8%	Wells Fargo & Company	5,754,320.5	7%
General Re Life Corp	4,141,703.9	6%	American Express Company	5,680,534.1	7%
Top five common equity holdings	**$ 38,837,632.7**	**60%**		**$ 48,875,079.8**	**60%**
Total common equity	$ 65,203,317.3			$ 81,182,462.8	

Global Reinsurer Asset Mix

Based on information provided to us by Swiss Re, we identified the top five global reinsurance groups in the table below as of year-end 2010 in terms of gross reinsurance premiums written. According to Swiss Re, the top 50 global reinsurers wrote an aggregate $171.2 billion in reinsurance premiums (life and non-life) in 2010. The top five comprised more than half of the total.

Company Name	Life & Non-Life Gross (USD millions)	% of total
Munich Reinsurance Company	31,280	18.3%
Swiss Reinsurance Company Limited	24,756	14.5%
Hannover Rueckversicherung AG	15,147	8.8%
Berkshire Hathaway	14,374	8.4%
Lloyd's	12,977	7.6%
Top 5 Global Reinsurance Groups	**$ 98,534**	**57.5%**
Top 50 Global Reinsurance Groups	$ 171,241	

With regard to investment portfolio mix, we focused on the top three global reinsurers listed in the table above and derived our information from annual analyst presentations that were available as of year-end 2011. One notable trend across all three companies was the substantial amount of investment in fixed-income securities, particularly with respect to government and “semi-government” (i.e., they have a direct or implied government guarantee) bonds. Fixed-income securities ranged between 65% and 89% of total investments for Munich Reinsurance Company (Munich Re), Swiss Reinsurance Company Limited (Swiss Re) and Hannover Rueckversicherung AG (Hannover Re) as of year-end 2011. Government and semi-government bonds represented about half of all fixed-income investments for these three reinsurers; for Swiss Re, 80% of this exposure included non-Eurozone government bonds. Corporate bonds ranged between 10% and 16% of fixed-income investments, while covered bonds were 28% of fixed-income investments for Munich Re and 14% of fixed-income investments for Hannover Re. According to Standard & Poor’s, covered bonds are an emerging segment of the fixed-income securities market, particularly in Europe. Covered bonds are debt instruments that are typically issued by a bank, whereby the investor has recourse to the issuer, as well as a preferential claim to a separate “cover pool” of mortgage loans, public-sector debt and loans or other high-quality assets.

Similar to the U.S. insurers, the three largest global reinsurers are also conservative investors, evidenced by the high concentration of government and government-related investments within their investment portfolios.

Premiums Assumed and Ceded: A Brief Look at Liabilities

Our study also included a review of premiums assumed and premiums ceded by the U.S. insurance industry as of year-end 2011. Total reinsurance premiums assumed across the insurance industry were approximately $450 billion, while premiums ceded were approximately $560 billion. A substantial majority of reinsurance premiums — assumed and ceded — were with property/casualty companies, at $355.2 billion and $409.0 billion, respectively. The second-largest amount of premiums, assumed and ceded, was with life companies, at $79.4 billion and $134.4 billion, respectively, as of year-end 2011.

Summary

While U.S. reinsurers play an integral role in the reinsurance market, most reinsurance business is global. Our study focused on analyzing the investment portfolios of the 30 largest U.S. reinsurers (based on gross reinsurance premiums as provided by RAA) primarily to determine correlations in investments – particularly as it relates to recent broad based risk factors such as Eurozone debt and structured securities. Mitigating any concern, most of the U.S. reinsurers' investments were in investment grade corporate and municipal bonds. In addition, because of the global nature of the business, we thought it prudent to look at the portfolios of the largest three global reinsurers. We found that the majority of their investments were in government or government-related securities.

The Capital Markets Bureau will continue to monitor trends within the reinsurance market and report as appropriate.

Addendum

NRSRO Financial Strength Ratings

Top 5 Global Reinsurers	Moodys	S & P	Fitch
Munich Re	Aa3	AA-	AA-
Swiss Re	A1	AA- (from A+ 11/28/11)	
Hannover Reuckversicherung AG		AA-	A+
Berkshire Hathaway	Aa2	AA+	AA-
Lloyds of London	A1	A- (from A 11/29/11)	A+

30 Largest U.S. Reinsurers	Moodys	S & P	Fitch
Agri General Insurance		NR	AA+
Allied World Reinsurance Co.	A2	A (Watch Positive 6/7/11)	
Alterra Reinsurance USA Inc.		A (from A- 11/16/11)	A
American Agricultural Ins Co.		NR	
Arch Reinsurance Co.	A1	A+	A+
AXIS Reinsurance Co.	A2	A+	A+
Berkley Insurance Co.	A2	A+	A
Dorinco Reinsurance Co.		NR	
EMC Reinsurance Co.		BBBpi *	
Endurance Re Corp. of America	A2	A	A
Everest Reinsurance Co.	Aa3	A+	AA-
General Reinsurance Corp.	Aa1	AA+	AA+
Hartford Steam Boiler Inspection and Ins Co.		NR	AA-
Maiden Reinsurance Co.		BBB+	
Munich Reinsurance America Corp.	Aa3	A-	AA-
National Indemnity Co.	Aa1	AA+	AA+
Nipponkoa Ins Co Ltd U.S. Branch		A+ (from AA- 2/22/12)	
NLC Mutual Insurance Co.		NR	
Odyssey America Re/Odyssey Re Corp.	A3	A-	A-
Paris Re America Insurance Co.		A+ (from AA- 2/17/12)	
Partner Re U.S.	A1 (from Aa3 on 2/8/12)	NR	AA-
Platinum Underwriters Re Inc.		A- (From A 11/12/11)	A
QBE Reinsurance Group		A+	A+
SCOR Reinsurance	A2	A	A+ (from A 3/15/12)
Shelter Reinsurance Co.		BBBpi *	
Swiss Reinsurance America Corp	A1	AA- (from A+ 11/28/11)	
Toa Reinsurance Co. of America		A+	
Transatlantic/Putnam Reinsurance Co.	A1	A+	
White Mountains Re Co. of America (d/b/a Siri	A3	A-	BBB+
XL Reinsurance America Inc.	A2	A	A
* Not Solicited			

April 2, 2012								
Major Insurer Share Prices			**Change %**			**Prior**		
		Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Life	Aflac	$46.38	3.7	0.0	7.2	$44.72	$46.38	$43.26
	Ameriprise	57.72	3.3	0.0	16.3	55.85	57.72	49.64
	Genworth	8.39	(4.8)	0.0	28.1	8.81	8.39	6.55
	Lincoln	26.60	8.5	0.0	37.0	24.52	26.60	19.42
	MetLife	38.05	1.0	0.0	22.0	37.68	38.05	31.18
	Principal	29.87	9.8	0.0	21.4	27.21	29.87	24.60
	Protective	30.12	6.8	0.0	33.5	28.19	30.12	22.56
	Prudential	64.47	5.3	0.0	28.6	61.22	64.47	50.12
	UNUM	24.55	3.5	0.0	16.5	23.71	24.55	21.07
PC	ACE	$74.30	3.4	0.0	6.0	$71.83	$74.30	$70.12
	Axis Capital	33.29	3.2	0.0	4.2	32.27	33.29	31.96
	Allstate	33.35	4.8	0.0	21.7	31.82	33.35	27.41
	Arch Capital	37.38	0.8	0.0	0.4	37.09	37.38	37.23
	Cincinnati	34.82	(0.8)	0.0	14.3	35.11	34.82	30.46
	Chubb	69.79	3.0	0.0	0.8	67.74	69.79	69.22
	Everest Re	93.53	2.5	0.0	11.2	91.27	93.53	84.09
	Progressive	23.31	6.6	0.0	19.5	21.87	23.31	19.51
	Travelers	59.37	3.1	0.0	0.3	57.61	59.37	59.17
	WR Berkley	36.44	2.6	0.0	6.0	35.53	36.44	34.39
	XL	21.88	3.0	0.0	10.7	21.25	21.88	19.77
Other	AON	$49.19	2.1	0.0	5.1	$48.20	$49.19	$46.80
	AIG	31.21	10.9	0.0	34.5	28.16	31.21	23.20
	Assurant	40.57	(2.8)	0.0	(1.2)	41.72	40.57	41.06
	Fidelity National	18.07	2.1	0.0	13.4	17.69	18.07	15.93
	Hartford	21.93	9.3	0.0	35.0	20.06	21.93	16.25
	Marsh	32.82	2.2	0.0	3.8	32.11	32.82	31.62
Health	Aetna	$50.15	9.0	0.0	18.9	$46.00	$50.15	$42.19
	Cigna	49.39	10.3	0.0	17.6	44.79	49.39	42.00
	Humana	91.73	6.3	0.0	4.7	86.26	91.73	87.61
	United	59.06	7.3	0.0	16.5	55.04	59.06	50.68
	WellPoint	73.01	14.1	0.0	10.2	64.01	73.01	66.25
Monoline	Assured	$16.47	(6.3)	0.0	25.3	$17.58	$16.47	$13.14
	MBIA	10.08	7.0	0.0	(13.0)	9.42	10.08	11.59
	MGIC	5.07	14.2	0.0	35.9	4.44	5.07	3.73
	Radian	4.36	15.0	0.0	86.3	3.79	4.36	2.34
	XL Capital	21.88	3.0	0.0	10.7	21.25	21.88	19.77

April 2, 2012								
Major Market Variables			**Change %**			**Prior**		
		Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Dow Jones Ind		13,264.49	2.4	0.0	8.6	12,959.71	13,264.49	12,217.56
S&P 500		1,418.90	3.5	0.0	12.8	1,371.09	1,418.90	1,257.60
S&P Financial		214.51	7.5	0.0	22.4	199.60	214.51	175.23
S&P Insurance		190.38	3.6	0.0	11.9	183.77	190.38	170.17
US Dollar $			**Change %**			**Prior**		
	/ Euro	$1.33	1.3	0.0	2.8	$1.32	$1.33	$1.30
	/ Crude Oil bbl	105.22	(1.1)	0.0	6.5	106.38	105.22	98.83
	/ Gold oz	1,676.40	(1.4)	0.0	7.0	1,700.70	1,676.40	1,566.80
Treasury Ylds %		%		**Change**		%	%	%
	1 Year	0.17	(0.02)	0.00	0.07	0.19	0.17	0.11
	10 Year	2.18	0.15	0.00	0.31	2.03	2.18	1.88
	30 Year	3.33	0.16	0.00	0.43	3.17	3.33	2.90
Corp Credit Spreads -bp			**Change %**			**Prior**		
	CDX.IG	80.39	(9.1)	0.0	(29.4)	88.45	80.39	113.83

April 2, 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	$130.90	$0.20	3.54%	186	(23)
	Ameriprise	5.300%	3/15/2020	$110.11	($0.88)	3.81%	197	(3)
	Genworth	6.515%	5/15/2018	$103.42	$1.26	5.84%	449	(33)
	Lincoln National	8.750%	7/15/2019	$127.34	($0.53)	4.31%	263	(7)
	MassMutual	8.875%	6/15/2039	$141.91	($3.49)	5.79%	255	3
	MetLife	4.750%	2/15/2021	$110.22	($1.23)	3.40%	140	2
	Mutual of Omaha	6.800%	6/15/2036	$107.43	($1.95)	6.20%	314	(5)
	New York Life	6.750%	11/15/2039	$126.56	($2.57)	4.97%	173	(2)
	Northwestern Mutual	6.063%	3/15/2040	$118.18	($2.22)	4.87%	159	(3)
	Pacific Life	9.250%	6/15/2039	$127.91	($3.00)	6.95%	367	(1)
	Principal	6.050%	10/15/2036	$107.04	($0.58)	5.52%	238	(18)
	Prudential	4.500%	11/15/2020	$106.70	($0.85)	3.59%	163	(3)
	TIAA	6.850%	12/15/2039	$124.67	($2.85)	5.16%	190	(1)
P&C	ACE INA	5.900%	6/15/2019	$120.04	($1.47)	2.80%	110	8
	Allstate	7.450%	5/15/2019	$125.71	($1.12)	3.36%	170	(2)
	American Financial	9.875%	6/15/2019	$125.39	($0.36)	5.54%	383	(9)
	Berkshire Hathaway	5.400%	5/15/2018	$118.20	($0.99)	2.20%	81	2
	Travelers	3.900%	11/15/2020	$107.75	($1.39)	2.87%	94	5
	XL Group	6.250%	5/15/2027	$103.87	($0.44)	5.86%	330	(13)
Other	AON	5.000%	9/15/2020	$110.34	($1.25)	3.57%	163	(3)
	AIG	5.850%	1/15/2018	$108.93	$0.63	4.10%	282	(19)
	Fidelity National	7.875%	7/15/2020	$111.25	($0.75)	6.12%	452	15
	Hartford	5.500%	3/15/2020	$106.34	$1.13	4.54%	264	(36)
	Marsh	9.250%	4/15/2019	$132.96	($0.50)	3.85%	219	(9)
	Nationwide	9.375%	8/15/1939	$126.19	($1.49)	7.18%	393	(5)
Health	Aetna	3.950%	9/15/2020	$105.83	($0.94)	3.15%	124	(3)
	CIGNA	5.125%	6/15/2020	$110.48	($0.94)	3.63%	175	(2)
	United Healthcare	3.875%	10/15/2020	$106.11	($1.93)	3.06%	114	13
	Wellpoint	4.350%	8/15/2020	$108.69	($1.69)	3.16%	125	6

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