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

U.S. Commercial Real Estate Valuation Trends

Commercial real estate (CRE) assets are a key component of the U.S. investment landscape. They can reward investors with incremental yield relative to other asset classes, such as bonds, and provide diversification benefits to an investment portfolio. U.S. insurers, in particular, historically have been active investors in CRE assets, resulting in one of the larger asset classes for the industry. For the purposes of this report, the insurance industry's CRE exposure consists of properties owned by insurers, as well as mortgage loans. As of year-end 2015, the insurance industry owned $41.5 billion in CRE properties (including insurer owner occupied) and $396 billion in CRE mortgage loans, totaling 7.5% of cash and invested assets (C&IA), and up 8.1% from 2014. Preliminary year-end 2016 data suggests insurers' exposure to CRE increased by approximately 7.8% compared to 2015, with properties up 2.8% and mortgage loans up 8.3%. In today's low interest rate environment, investors searching for yield have increased their allocation to higher yielding assets, including CRE—one of the factors driving prices higher. In this report, we will be analyzing the U.S. CRE market's valuation trends and drivers.

"Price Bubble" Risk

With CRE prices nationally at record, or near record levels, some market participants have raised questions of a "price bubble"—when asset prices rise sharply and exceed valuations justified by fundamentals. Prices for certain property types (e.g., multifamily), regions (e.g., Northeast or West), and major cities (e.g., New York, San Francisco) have attracted greater attention due to their more substantial increases in valuation. Drivers of higher and potentially excessive valuation include: 1) speculative demand made possible by easy access to credit and overly optimistic assumptions for rental and net operating income; 2) availability of credit facilitated by loose underwriting standards, such as low down payment requirements, and high commercial mortgage securitization volume; and 3) investors willing to purchase real estate with low yield spreads over U.S. Treasury yields and take on CRE's thinner liquidity. The Federal Reserve's low interest rate policy has supported higher valuations for most assets, which has certainly been the case for real estate property values. In addition, market fundamentals for real estate properties—such as vacancy rates and rental rates—have been generally healthy and supportive of higher valuations. As interest rates rise and investment yields on bonds improve, the demand for other assets such as real estate properties could moderate, which also would affect the various real estate-related markets. But a growing U.S. economy could sustain real estate demand and mitigate some of the pricing pressures from higher interest rates.

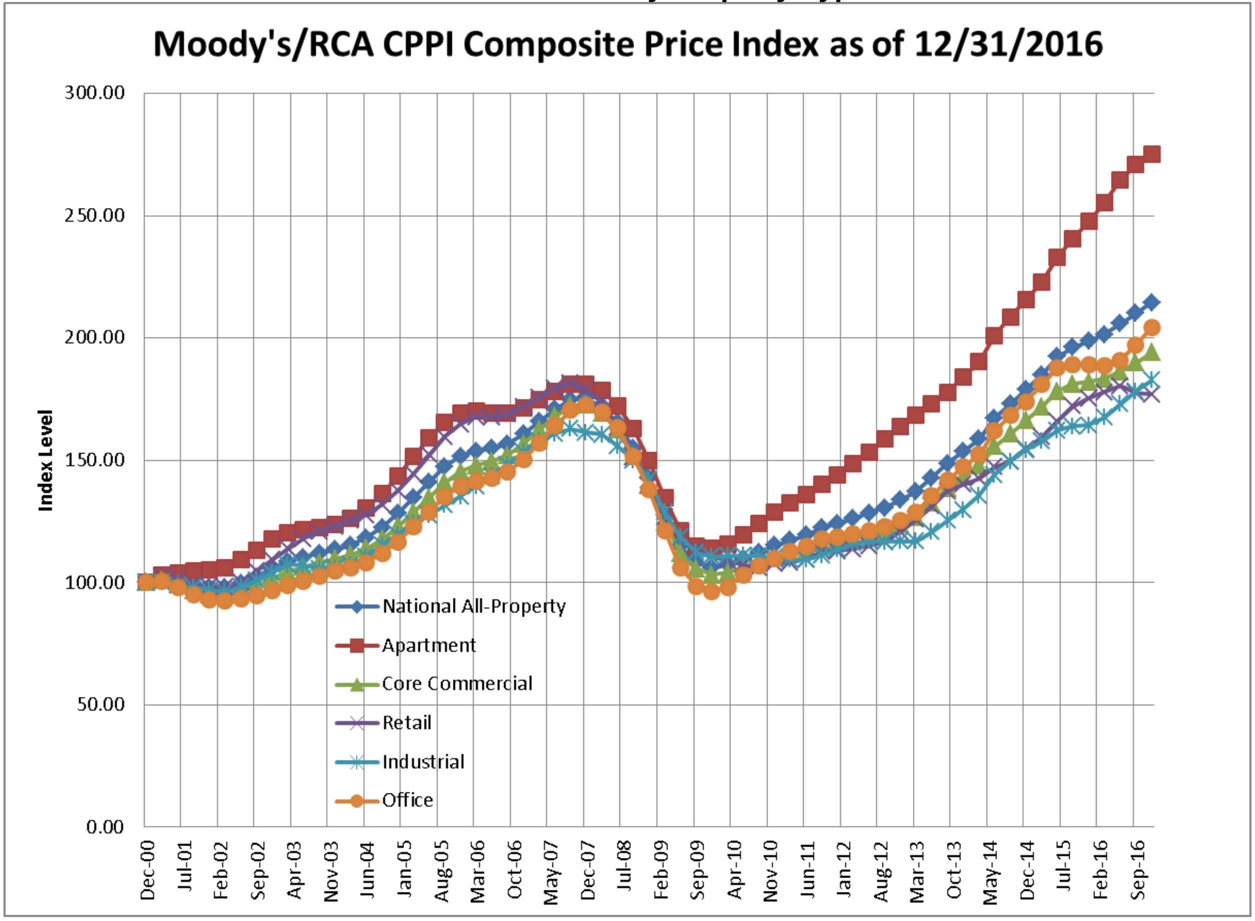
Valuation Trends and Drivers

We will discuss CRE valuation primarily by analyzing pricing data from Moody's/Real Capital Analytics Commercial Property Price Indices (CPPI), but will rely on other indices for certain specific data points. The indices measure U.S. CRE price levels based on completed sales of the same commercial properties over time (or the "repeat-sales" methodology), with at least $2.5 million in value.

According to the CPPI National All-Property (NAP) Index, CRE prices have been on an upward trend during the past seven years (2010 to 2016), averaging 10.6% annually, with 11.1% in 2015 and 7.9% growth in 2016. Over a longer period, from 2001 to 2016, the CPPI NAP grew an average 5.6% annually, with only three negative years: 2001 (-2.2%), 2008 (-18.5%) and 2009 (-25.6%). As of year-end (YE) 2016, CRE prices were 22.1% higher than their previous peak set in November 2007, and were up 102% from their low in January 2010. After the NAP dropped almost 40% from YE2007 to YE2009, its year-over-year (YOY) growth rate turned positive in 2010 and peaked at 16.5% in 2014, slowing somewhat afterwards but remaining strong at 7.9% for 2016. However, the NAP index is a broad market measure, and thus performance can vary significantly for specific geographic regions and property types, as shown in Chart 1.

Differences in Property Types– The price indices of different property types can vary significantly from the NAP price index, as is the case for retail properties. As consumers have shifted to online shopping, retail property values have lagged, up 19 percentage points less than the NAP index (or 55% compared to 74%, respectively) for the five years ending December 2016. On the other hand, the apartment price index for the five years ending December 2016 was up the most, or 90.9%, driven by an increase in new households renting instead of buying and the preference of millennials to live in urban areas. Apartment prices were 51.7% above the previous peak reached in October 2007.

Chart 1: Commercial Real Estate Price Index by Property Type



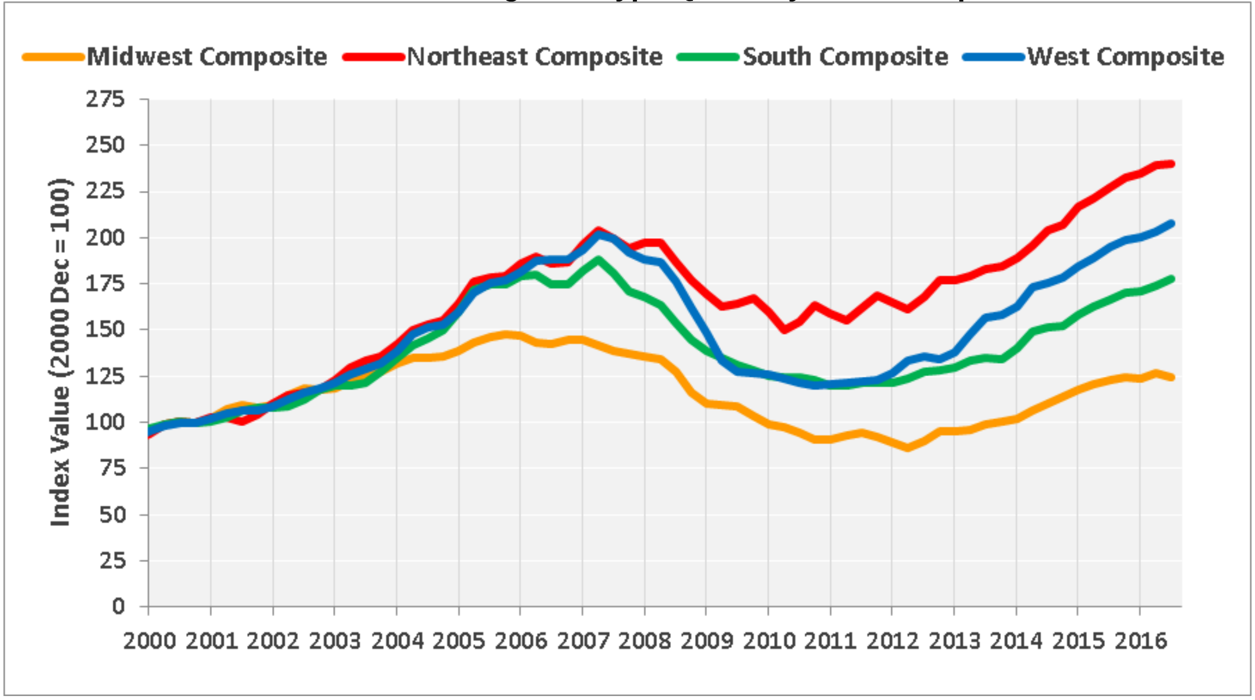
**Core commercial includes retail, industrial and office.*

Differences in Geographic Regions – CRE prices also can vary widely depending on geographic location. For major markets (defined by CPPI as Boston; Chicago; Los Angeles; New York; San Francisco; and Washington, DC), index price levels as of YE2016 were 37.8%

above the previous peak in December 2007, while price appreciation was less robust for non-major markets (cities not defined as major markets)—only 8.7% above the previous peak in September 2007 (CPPI data).

For regional CRE prices, we analyzed CoStar Commercial Repeat-Sale Indices (CCRSI) data, as CPPI regional data was not publicly available. CCRSI shows that all U.S. regions are faring well with continuing price gains. However, CRE in the Northeast and the West experienced larger price gains than in the South and the Midwest; the Northeast's price index exceeded its June 2007 peak by 17.4%, while the West region exceeded its June 2007 peak by 2.9% (as of the end of September 2016). The South was still 5.5% below its June 2007 peak, and the Midwest was 16% below its December 2005 peak.

Chart 2: Commercial Real Estate Regional Type Quarterly Indices Sept. 30, 2016



Data: CoStar Group Inc. (*constructed using a repeat sales methodology, measuring the movement in commercial properties prices by collecting data on actual transactions, equally weighted)*

Price Drivers – Factors that increase demand and drive CRE prices higher include a growing U.S. economy, higher corporate profits and low unemployment. Foreign capitalhas been an incremental price and demand influencer as well, with U.S. CRE purchased by non-U.S. investors totaling a record $91.1 billion in 2015 (17% of total purchases, compared to a 10% average in the previous four years), according to Real Capital Analytics (RCA) data. Foreign investments in U.S. CRE hit a low of $4.7 billion in 2009 after reaching its previous peak of $45.6 billion 2007. For 2015, top-ranked foreign investors in U.S. CRE were Canada, Singapore and China. Foreign investors have mostly focused on CRE in major cities, and mainly on offices and apartment buildings. These global capital flows are volatile and subject to change. Late in 2016, China instituted limits on capital outflows to prevent further depreciation of the yuan currency. This could affect foreign capital flows into U.S. CRE going forward.

Fundamentals Support Valuations

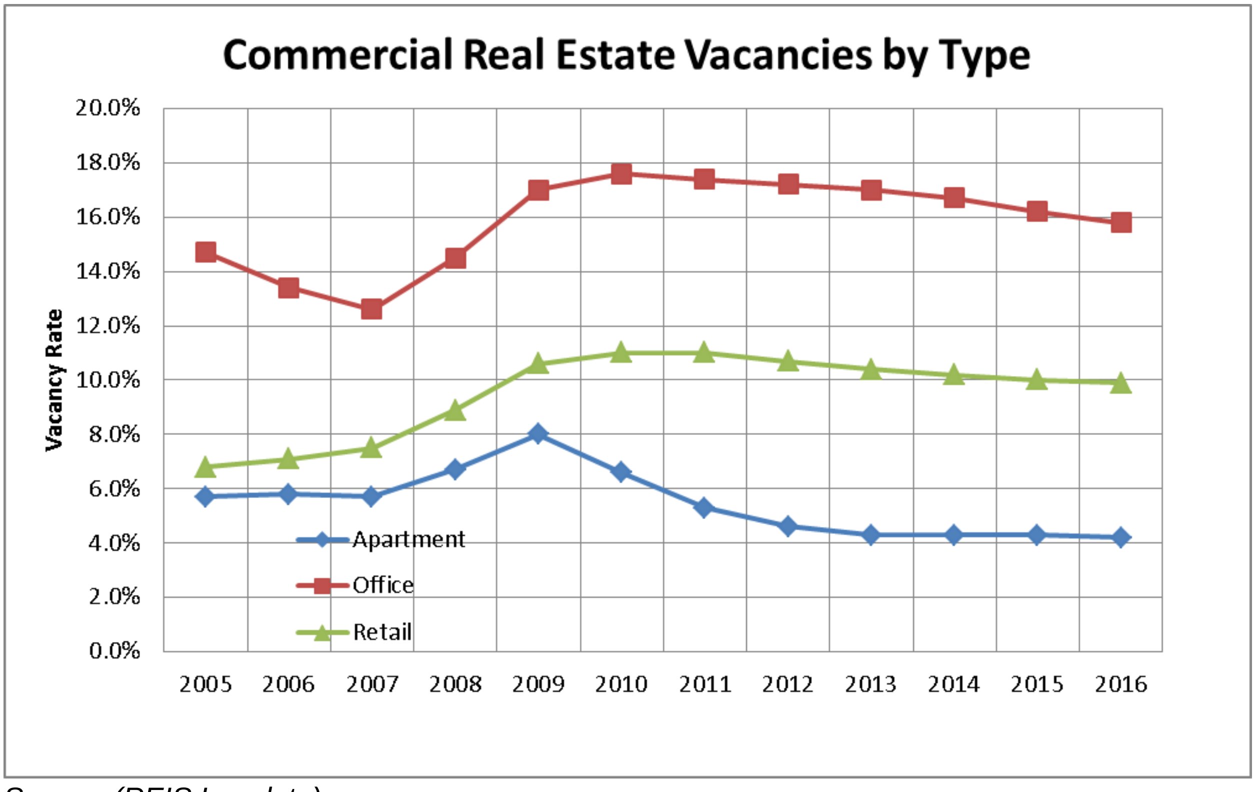
In today's CRE market, most fundamentals have remained relatively stable, contributing to the continuing rise in valuations. New supply growth appears to be slowing as permits for construction of some property types have declined. Vacancy rates are generally stable, allowing rents to continue to grow.

<u>Supply Trends</u>– Permits are a leading indicator of supply. Permits for construction of apartment/multifamily properties peaked in 2015 and dropped significantly by 9.7% in 2016. (Permits data for other CRE types were not publically available.) The last time multifamily permits turned negative was in 2006 (-1.3%), foreshadowing the CRE price declines that started in May 2008, ending the year down 18.5%. Other measures of supply growth, such as construction in process, are either decelerating or turning negative, depending on the property type.

<u>Supply and Demand Balance Indicators</u> – Net inventory change (supply) and net absorption levels of available square footage (demand) continue to indicate CRE supply is being readily absorbed by existing demand. If the change in supply less the change in demand is a negative net number, demand is then greater than supply—which could help support higher CRE prices. According to REIS Inc. (a leading provider of CRE market data), since 2002, the net number has been negative each year except for two occasions—in 2002–2003 after the 2001 recession and in 2008–2009 during the financial crisis. The supply and demand picture continues to be favorable as net inventory change less net absorptions was negative 185 million sq. ft. for 2016.

CRE vacancy rates also are indicating a balance between supply and demand for space. According to Mortgage Bankers Association (MBA) and REIS data, multifamily apartment vacancy rates were 4.2% at YE2016, compared to a high of 8% in 2009 and the pre-crisis low of 5.5% in Q3 2006. Office vacancy rates were 15.8% as of YE2016—improved from the post crisis highs of 17.6% in 2011, although still higher than pre-crisis lows of 12.5% in 2007. Retail vacancy rates were 9.9% as of YE2016, an improvement from the post-crisis highs of 11% in 2011, but still worse than the pre-crisis low of 6.7% in 2005.

Chart 3: Commercial Real Estate Vacancies



Source: (REIS Inc. data)

Rental rates have continued to grow, with average asking rents exceeding the previous peak for certain property types, especially apartments. In 2016, apartment rents were 24.6% above the 2008 peak and up 3.7% from 2015. For office properties, the average rent was 2.3% higher in 2016 and 9.6% above the previous peak in 2008. Lastly, rental rates for retail properties were up 1.8% in 2016 and 4.5% above the previous peak in 2008 (data from MBA and REIS).

Capitalization rate (Cap Rate)– The value of a CRE property is determined based on the yield or discount rate, otherwise known as cap rate. Average transaction-based cap rates for all property types fell to 6.3% at YE2016 from 6.4% in YE2015, and 7.4% in YE2010, per RCA data. At the peak of the CRE price cycle, cap rates averaged a low of 6.45% in 2007 and reached an average high of 8.2% in 2009.

One of the most meaningful indicators of aggressive pricing in CRE is a narrowing of the spread between average cap rates and the 10-year Treasury rate. As of Q3 2016, the spread was 461 basis points (bps) (6.2% cap rate minus 1.59% 10-year U.S. Treasury yield), significantly higher than the pre-crisis low of 119 bps in 2007. The spread narrowed to 386 bps as of YE2016, as cap rates remained stable at 6.3%, while the 10-year U.S. Treasury yield increased to 2.44% after the U.S. presidential election. The 30-year historical average spread was 286 bps from Q2 1986 to Q2 2015, based on data compiled by the St. Louis Fed and Green Street Advisors. By YE2016, the spreads for industrial, office and retail cap rates had narrowed from Q3 to around 446 bps, 426 bps and 416 bps, respectively, but were still above historical averages; multifamily's spread of 316 bps was the tightest. Despite the richer CRE valuations, investors are still demanding and receiving a higher risk premium today than during the peak before the financial crisis or the 30-year historical average. Table 1 below shows cap rate spreads from Ernst & Young's *Commercial Property Outlook in a Rising Rate Environment* report dated September 2015.

Table 1: Average Cap Rate Spreads by CRE Type

Product type	Average spread: 2Q 1986-2Q 2015	2Q 2015 spread	2Q 2007 spread
Office	257 bps	**290 bps**	1 bps
Industrial	304 bps	**366 bps**	134 bps
Retail	269 bps	**350 bps**	102 bps
Multifamily	231 bps	**276 bps**	49 bps
Hotel	499 bps*	**524 bps**	307 bps
Average	**286 bps**	**361 bps**	**119 bps**

*Hotel data begins in 4Q 2003.

Source: *Federal Reserve Economic Data*, St. Louis Fed, 2015; Green Street Advisors, 2015.

U.S. Insurers' Exposure to Real Estate

Commercial Real Estate Investments – As defined for the purposes of this report, the U.S. insurance industry's CRE exposure consisted of $41.5 billion in directly owned properties and $396 billion in mortgage loans, for total exposure of $437.4 billion as of YE2015 (see Table 2); mortgage loan exposure excludes $31.7 billion classified as residential and farm mortgages. A significant portion, or 47.8%, of the industry's Schedule A real estate exposure is owner occupied, ranging from 23% for life insurers to 96% for health insurers, who primarily use their owner-occupied real estate for health care delivery (i.e., medical clinics). Total CRE exposure for 2015 increased by 8.1% YOY, with Schedule A real estate up 8.2% and Schedule B mortgage loans up 8.1%; preliminary 2016 numbers show total CRE exposure continued to grow at approximately 7.8%.

Table 2: 2015 U.S. Insurers' Commercial Real Estate Exposure (in $ millions)

Types of Real Estate Investments	Life	P&C	Health	Fraternal	Title	Total	% of Tot CRE
Schedule A - Real Estate	23,739	11,722	5,569	294	179	41,503	9.5%
Schedule B - Mortgage Loans	372,965	12,375	10	10,545	30	395,925	90.5%
Total Commercial Real Estate (CRE)	**396,704**	**24,097**	**5,579**	**10,839**	**209**	**437,428**	**100.0%**
As a % of Total CRE	90.7%	5.5%	1.3%	2.5%	0.0%	100.0%	
Year-Over-Year (YoY) Growth (%)							
Schedule A - Real Estate	8.3%	15.0%	-3.8%	-1.7%	8.4%	8.2%	
Schedule B - Mortgage Loans	7.8%	24.3%	-2.9%	3.3%	10.0%	8.1%	
Total Growth (%)	**7.8%**	**19.6%**	**-3.8%**	**3.2%**	**8.7%**	**8.1%**	
Total Cash & Invested Assets (C&IA)	3,789,463	1,733,460	162,383	123,866	8,680	5,817,852	
Total CRE as a % of Total C&IA	**10.5%**	**1.4%**	**3.4%**	**8.8%**	**2.4%**	**7.5%**	
Owner Occupied Real Estate:							
Schedule A	5,453	8,741	5,328	170	129	19,822	
% of Total Schedule A as Owner Occupied	23.0%	74.6%	95.7%	58.0%	72.3%	47.8%	

As of YE 2015, life insurers held the majority, or 90.7%, of the total insurance industry's total CRE holdings with $396.7 billion, an increase of 7.8% from 2014. Life and fraternal insurers' real estate investments, at 10.5% and 8.8%, respectively, of their YE 2015 total C&IA, represented the two highest percentages by insurer type. This is not surprising, as real estate in general is commonly viewed as a long-term investment that matches the longer liabilities of life and fraternal insurers. In 2015, property/casualty (P/C) insurers' total CRE holdings grew at the fastest rate of 19.6% YOY to $24.1 billion, while the health industry reduced its total CRE exposure by 3.8% to $5.6 billion.

U.S. life insurance companies have a very long history as lenders to the commercial real estate market. The combined data of MBA, the Federal Reserve Board of Governors and the Federal Deposit Insurance Corporation (FDIC) show YE2016 commercial/multifamily mortgage debt outstanding increased 5.8% YOY, to $3 trillion, owned by banks (40.4%); agency and government-sponsored enterprise (GSE) portfolios and mortgage-backed securities (MBS) (17.6%); commercial mortgage-backed securities (CMBS)/collateralized debt obligations (CDO) and other asset-backed securities (ABS) (15.5%); life insurance companies (14.2%); and others (12.3%). U.S. insurance companies' investments in CRE mortgages have generally performed well and experienced minimal losses; this was especially true through the 2008 financial crisis. The industry's commercial mortgage loans tend to be well diversified across geographic and property types, and typically have relatively conservative metrics (e.g., debt service coverage and loan to value ratios). Please see the NAIC Capital Markets Special Report titled "A Perspective on U.S. Insurers' Mortgage and Unaffiliated Real Estate Investments as of Year-End 2015," published Nov. 28, 2016.

Other CRE-Related Investments – In 2015, the insurance industry also owned $340 billion of other investments (up 2.6% YOY) that are influenced by CRE market dynamics. This includes stocks and bonds of real estate companies and real estate investments trusts (REITs), CMBS and real estate-related investments reported on Schedule BA (See Table 3). Most of the growth in 2015 came from increased Schedule BA real estate (+10.5% YOY) and common stock (+16.3% YOY) holdings, while bonds grew only slightly (+1% YOY) due to a 4% YOY drop in non-agency CMBS. These investments, however, have different structures and risk profiles than outright ownership of properties or investments in mortgage loans. Thus, how much the performance of these other real estate-related asset types are influenced by dynamics of the

CRE market can differ markedly, based on the specific circumstances, with the direct impact possibly minimal in some cases.

Table 3: 2015 U.S. Insurers' Investments with Indirect CRE Exposure (in $ millions)

Types of Investments with Indirect CRE Exposure	Life	P&C	Health	Fraternal	Title	Total	% of Indirect CRE
Schedule BA - Real Estate	**36,971**	**16,502**	**719**	**259**	**152**	**54,603**	**16.1%**
Bond Total:	**212,045**	**52,166**	**5,416**	**9,451**	**116**	**279,194**	**82.1%**
Real Estate oper/develop/mgmt/broker	14,846	1,029	104	926	12	16,918	5.0%
REITS	46,120	7,948	1,052	2,767	101	57,989	17.1%
Agency CMBS	25,256	10,018	366	2,514	2	38,156	11.2%
Non-Agency CMBS	125,822	33,170	3,894	3,244	1	166,131	48.9%
Common Stock Total:	**1,382**	**2,815**	**535**	**221**	**12**	**4,965**	**1.5%**
Real Estate oper/develop/mgmt	78	551	76	6	0	711	0.2%
REITS	1,119	2,148	440	213	1	3,920	1.2%
Sector Funds	185	116	20	2	11	334	0.1%
Preferred Stock Total:	**1,046**	**207**	**6**	**39**	**1**	**1,299**	**0.4%**
Real Estate oper/develop/mgmt	40	1	-	-	-	40	0.0%
REITS	1,006	207	6	39	1	1,258	0.4%
Total Investments with Indirect CRE Exposure	**251,444**	**71,690**	**6,676**	**9,969**	**282**	**340,060**	**100.0%**
As a % of Total Indirect CRE Exposure	73.9%	21.1%	2.0%	2.9%	0.1%	100.0%	
Year-Over-Year (YoY) Growth (%)							
Total Cash & Invested Assets (C&IA)	3,789,463	1,733,460	162,383	123,866	8,680	5,817,852	
Total Investment w/ Indirect CRE Exposure as a % of Tot. C&IA	**6.6%**	**4.1%**	**4.1%**	**8.0%**	**3.2%**	**5.8%**	

Another positive year expected for the CRE market in 2017

CRE prices are forecast to increase by 2.4% for 2017 by the National Council of Real Estate Investment Fiduciaries (NCREIF) and Green Street Advisors. Foreign investor demand is expected to continue given the stable and attractive yields offered by U.S. CRE properties. In late 2015, Congress passed revisions to the federal Foreign Investment in Real Property Tax Act (FIRPTA), which eased taxes on foreign pension funds investing in U.S. CRE; this could continue to help drive foreign demand higher in 2017. However, China's increased restrictions on funds outflow beginning in late 2016 could offset total foreign demand somewhat.

The election of President Donald Trump has altered some market dynamics and created market uncertainties. Trump's plans to grow the economy through increased government spending, lower taxes and reduced regulation—which could lead to higher government debt and inflation—have pushed the 10-year Treasury note yield up (meaning its price fell) by 65 bps, from 1.85% on election day Nov. 8, 2016, to 2.4% as of March 31, 2017. The Fed raised interest rates in March and expects two more increases in 2017, if U.S. inflation and unemployment statistics continue to show positive trends. Higher interest rates could lead all asset prices lower as cash flows would be discounted at higher rates; CRE is especially impacted because it is a longer duration asset. Higher interest rates can also have indirect effects on CRE, making access to capital more difficult (as lenders tighten lending standards or demand more loan collateral), raising costs of capital and increasing default risks.

Conclusion

U.S. commercial real estate prices have now recovered to near, or in some cases above, the previous peak. Prices for multifamily properties and in certain geographic locations have risen significantly above previous peaks, creating pockets of concern with respect to valuations. In considering this and whether there are immediate concerns, certain fundamentals lend comfort. Valuation metrics such as the wide cap rate spread over 10-year U.S. Treasury yields compared to historical averages and a balanced CRE demand and supply environment indicate stable price levels. U.S. CRE investments, debt or equity, have been attracting domestic as well as international investors since they offer real assets with higher relative yields in this low rate environment, along with portfolio diversification. Nonetheless, it is prudent to closely monitor data points that could indicate a CRE pricing bubble, such as the relationship between supply and demand, vacancy rates, leverage, sales volume, and the cap rate spread over 10-year Treasury yields.

The Capital Markets Bureau will continue to monitor the insurance industry's exposure to CRE and trends in the U.S. CRE market—particularly specific property types (such as multifamily) and geographic locations (such as large metropolitan areas) in which prices have increased significantly—reporting any new developments as deemed appropriate.

May 26, 2017								
Major Insurer Share Prices			**Change %**			**Prior**		
		Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Life	Aflac	$74.84	1.3	3.3	7.5	$73.87	$72.42	$69.60
	Ameriprise	122.60	(2.6)	(5.5)	10.5	125.83	129.68	110.94
	Genworth	3.56	(2.2)	(13.6)	(6.6)	3.64	4.12	3.81
	Lincoln	65.02	(0.5)	(0.7)	(1.9)	65.36	65.45	66.27
	MetLife	51.22	1.5	(3.0)	(4.9)	50.48	52.82	53.89
	Principal	62.96	3.5	(0.2)	8.8	60.83	63.11	57.86
	Prudential	105.28	1.2	(1.3)	1.2	103.99	106.68	104.06
	UNUM	45.06	(0.9)	(3.9)	2.6	45.49	46.89	43.93
PC	Axis Capital	65.00	2.6	(3.0)	(0.4)	63.36	67.03	65.27
	Allstate	86.55	2.9	6.2	16.8	84.13	81.49	74.12
	Arch Capital	95.23	0.5	0.5	10.4	94.78	94.77	86.29
	Cincinnati	70.02	1.4	(3.1)	(7.6)	69.04	72.27	75.75
	Chubb	142.45	2.9	4.6	7.8	138.48	136.25	132.12
	Everest Re	247.96	1.6	6.1	14.6	243.94	233.81	216.40
	Progressive	42.37	3.1	8.1	19.4	41.10	39.18	35.50
	Travelers	123.63	2.4	2.6	1.0	120.79	120.54	122.42
	WR Berkley	68.31	1.8	(3.3)	2.7	67.11	70.63	66.51
	XL	43.34	4.5	8.7	16.3	41.45	39.86	37.26
Other	AON	$130.12	2.2	9.6	16.7	$127.28	$118.69	$111.53
	AIG	63.74	4.1	2.1	(2.4)	61.20	62.43	65.31
	Assurant	99.13	(0.4)	3.6	6.7	99.53	95.67	92.86
	Fidelity National	42.26	2.6	8.5	24.4	41.18	38.94	33.96
	Hartford	49.13	1.5	2.2	3.1	48.42	48.07	47.65
	Marsh	76.43	2.4	3.4	13.1	74.61	73.89	67.59
Health	Aetna	$146.00	3.3	14.5	17.7	$141.36	$127.55	$124.01
	Cigna	160.80	0.8	9.8	20.5	159.48	146.49	133.39
	Humana	231.99	1.8	12.5	13.7	227.89	206.14	204.03
	United	177.12	2.6	8.0	10.7	172.59	164.01	160.04
Monoline	Assured	$39.40	1.9	6.2	4.3	$38.68	$37.11	$37.77
	MBIA	8.22	3.0	(3.0)	(23.2)	7.98	8.47	10.70
	MGIC	10.89	2.7	7.5	6.9	10.60	10.13	10.19
	Radian	16.58	0.7	(7.7)	(7.8)	16.46	17.96	17.98
	XL Capital	43.34	4.5	8.7	16.3	41.45	39.86	37.26

May 26, 2017 Major Market Variables	Close	Change % Week	Change % QTD	Change % YTD	Prior Week	Prior Quarter	Prior Year
Dow Jones Ind	21,082.24	1.3	2.0	6.7	20,804.84	20,663.22	19,762.60
S&P 500	2,415.26	1.4	2.2	7.9	2,381.73	2,362.72	2,238.83
S&P Financial	392.12	1.4	(0.6)	1.4	386.54	394.58	386.53
S&P Insurance	371.89	2.3	2.5	5.3	363.59	362.67	353.26
US Dollar $		Change %			Prior		
/ Euro	$1.12	(0.2)	4.9	6.3	$1.12	$1.07	$1.05
/ Crude Oil bbl	49.63	(1.5)	(2.2)	(7.8)	50.38	50.74	53.81
/ Gold oz	1,268.70	1.1	1.8	10.2	1,255.20	1,245.90	1,150.90
Treasury Ylds %	%	Change bp			%	%	%
1 Year	1.16	0.07	0.13	0.34	1.09	1.03	0.82
10 Year	2.25	0.02	(0.14)	(0.20)	2.23	2.39	2.45
30 Year	2.91	0.02	(0.10)	(0.15)	2.90	3.01	3.07
Corp Credit Spreads -bp		Change %			Prior		
CDX.IG	62.20	(2.1)	(6.2)	(8.0)	63.53	66.33	67.59

May 26, 2017 Major Insurer Bond Yields	Company		Coupon	Maturity	Current	Weekly Change Price Change	Yield	Spread over UST B.P.	Spread over UST Change	YTD Spread Change
Life	Ameriprise	AMP	3.700%	10/15/2024	$104.75	$0.01	2.98%	86	(2)	(18)
	Lincoln National	LNC	3.350%	3/9/2025	$100.42	($0.10)	3.29%	115	(0)	3
	MassMutual	MASSMU	3.600%	4/9/2024	$104.35	($0.21)	2.89%	80	1	(12)
	MetLife	MET	4.050%	3/1/2045	$100.08	($0.20)	4.04%	119	(1)	(8)
	New York Life	NYL	2.350%	7/14/2026	$95.78	($0.01)	2.88%	66	(2)	(9)
	Pacific Life	PACLIF	5.125%	1/30/2043	$111.23	($0.09)	4.39%	158	(2)	(31)
	Principal	PFG	6.050%	10/15/2036	$126.31	$0.13	4.07%	146	(2)	(23)
	Prudential	PRU	4.600%	5/15/2044	$108.22	($0.07)	4.09%	126	(1)	(7)
	Allstate	ALL	4.500%	6/15/2043	$108.93	($0.37)	3.95%	115	2	(5)
	Berkshire Hathaway	BRK	4.300%	5/15/2043	$106.28	($0.18)	3.91%	111	(1)	1
	Travelers	TRV	4.600%	8/1/2043	$110.81	($0.95)	3.93%	112	4	8
	XL Group	XL	6.250%	5/15/2027	$120.05	$0.16	3.81%	152	(4)	(18)
Other	AON	AON	4.250%	12/12/2042	$95.81	($0.13)	4.53%	173	(2)	(1)
	AIG	AIG	6.820%	11/15/2037	$129.50	($0.00)	4.58%	194	(3)	(16)
	Hartford	HIG	4.300%	4/15/2043	$99.78	($0.33)	4.31%	150	(0)	(34)
	Nationwide	NATMUT	5.300%	11/18/2044	$112.74	$0.03	4.49%	163	0	(36)
Health	Aetna	AET	6.750%	12/15/2037	$136.24	($0.80)	4.12%	149	3	(14)
	CIGNA	CI	6.150%	11/15/2036	$125.08	($0.06)	4.24%	165	(1)	(43)
	United Healthcare	UNH	4.750%	7/15/2045	$112.11	($0.86)	4.03%	115	2	2

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