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The Evolution of Investment Portfolio Asset Allocations in Small U.S. Insurers

Portfolio compositions vary depending on type of insurer, due mostly to appropriately matching assets to liabilities and taking into consideration relative duration and liquidity risk. Portfolio composition also varies by insurer size. As a percentage of total cash and invested assets, small insurers—defined for the purpose of this report as those with less than \$250 million book/adjusted carrying value (BACV) of total cash and invested assets—tend to hold more cash than larger insurers, and they are (more often than not) property and casualty (P/C) companies. As of year-end 2014, small insurers held about 69% of total cash and invested assets in bonds, 10% in common stock, and about 17% in cash and other short-term investments. In contrast, insurers with more than \$10 billion in cash and invested assets (i.e., large insurers) held about 80% in bonds, 9% in common stock, and less than 1% in cash and other short-term investments. In comparison, as shown in a previous Capital Markets special report published in June 2015 titled “Year-End 2014 Insurance Industry Investment Portfolio Asset Allocations,” the overall U.S. insurance industry had 67% of total cash and invested assets in bonds, 11.9% in common stock, and 4% in cash and short-term investments.

As noted in another prior NAIC Capital Markets special report published in May 2015, small insurers that lack the infrastructure and resources to implement new strategies and tactical allocations in shifting markets may benefit from outsourcing investment management to third-party vendors. This is particularly true with respect to access to investment opportunities that may be otherwise not available. In general, the previously published special report also noted that there has been an increase in use of third-party investment managers, particularly by small insurers because most lack the resources to develop the people and processes needed for appropriate in-house management. In addition to the pressures of market dynamics, including the current low interest rate environment, the increased reliance on external investment managers may lead to different and potentially less appropriate investment practices. In this special report, we analyzed the asset allocations of small U.S. insurers, highlighting their investment pattern year-over-year from 2013 to 2014, as well as over the five years ended 2014. Note that small insurers' total cash and invested assets accounted for only 3% of the overall U.S. insurance industry's total investments as of year-end 2014. In this report, we analyzed common cohort data; that is, we reviewed companies that were considered small in 2014 according to the aforementioned definition (i.e., less than \$250 million BACV under management), and then we looked at the investment portfolios of those same companies in the four years prior (that is, going back to 2010).

Asset Allocation Comparison: 2010 to 2014

From 2010 to 2014, total cash and invested assets of small insurers decreased 5.4% to \$172.6 billion BACV from \$182.3 billion (as shown in Table 1), or an average of -1.4% annually. This trend may be a reflection of investment opportunities (or lack thereof). Also over the five-year period ending 2014, the BACV of bond holdings decreased 7.1% for small insurers, while cash and short-term investments and common stock holding increased 5.3% and 1.2%, respectively. The increase in common stock holdings likely was largely due to valuation changes with the strong equity markets; common stock holdings also included affiliate investments (35.9% of the total).

Table 1: Small Insurer Historical Asset Allocation (\$mil)

Asset Class	2014	2013	2012	2011	2010
Bonds	119,530	120,448	127,847	130,228	128,649
Cash and Short-Term Investments	29,713	27,922	29,429	26,423	28,219
Common Stock	17,553	19,999	17,892	16,966	17,352
Schedule BA & Other Invested Assets	1,961	2,170	2,506	3,620	3,787
Real Estate	1,505	1,435	1,458	1,507	1,453
Preferred Stock	693	653	722	722	844
Mortgages, First Lien	649	949	985	697	739
Contract Loans	450	454	452	455	453
Other Receivables	290	346	323	404	301
Securities Lending (Reinvested Collateral)	235	225	169	382	427
Derivatives	3	97	194	201	122
Industry Total	172,583	174,698	181,975	181,605	182,345
Year-Over-Year % Change	-1.2%	-4.0%	0.2%	-0.4%	

For the five-year period ended 2014, the largest increase in BACV for any asset type among small insurers was 5.3% in cash and short-term investments. (Note that cash and short-term investments increased 6.4% from 2013 to 2014 after a 5.1% decrease from 2012 to 2013.) In addition, insurers reported a 48.2% decrease in Schedule BA - Other Invested Assets (which include hedge funds, private equity funds, and other joint ventures, partnerships and limited liability corporations), as well as a 44.9% decrease in securities lending reinvested collateral for the same time period.

Bonds include categories such as corporate debt, municipal bonds, structured securities, U.S. government bonds and foreign government bonds. Since 2010, bonds have been the largest asset class for small insurers, as shown in Table 2, similar to large insurers and the overall industry. The allocation of bonds for small insurers has been relatively consistent over the five-year time frame and was 69.3% of total cash and invested assets as of year-end 2014; affiliated bonds accounted for less than 1% of total bond BACV. In comparison, bonds were 67% of total cash and invested assets as of year-end 2014 for the overall U.S. insurance industry. Except for a steady increase in common stock from 2011 to 2013, exposure to the remaining asset classes was relatively consistent over the five years ended 2014 for small insurers, as demonstrated in Table 2.

Table 2: Small Insurer Historical Asset Allocation (% of Total Cash and Invested Assets)

Asset Class	2014	2013	2012	2011	2010
Bonds	69.3%	68.9%	70.3%	71.7%	70.6%
Cash and Short-term Investments	17.2%	16.0%	16.2%	14.5%	15.5%
Common Stock	10.2%	11.4%	9.8%	9.3%	9.5%
Schedule BA & Other Invested Assets	1.1%	1.2%	1.4%	2.0%	2.1%
Real Estate	0.9%	0.8%	0.8%	0.8%	0.8%
Preferred Stock	0.4%	0.4%	0.4%	0.4%	0.5%
Mortgages, First Lien	0.4%	0.5%	0.5%	0.4%	0.4%
Contract Loans	0.3%	0.3%	0.2%	0.3%	0.2%
Other Receivables	0.2%	0.2%	0.2%	0.2%	0.2%
Securities Lending (Reinvested Collateral)	0.1%	0.1%	0.1%	0.2%	0.2%
Derivatives	0.0%	0.1%	0.1%	0.1%	0.1%
Industry Total	100.0%	100.0%	100.0%	100.0%	100.0%

Investment Portfolio Allocations Across Small U.S. Insurer Company Types

A total of 3,381 insurance companies comprised the small insurer category in 2014, with P/C companies accounting for the largest share at 2,080 (or 61.5% of all small U.S. insurers). Small P/C companies' total cash and invested assets (\$108.6 billion as shown in Table 3) accounted for 63% of all small insurers' total cash and invested assets. Health companies followed with a total of 788 companies (23% of total small insurers); small health companies' investments represented the second-largest share at 22% of total cash and invested assets for the defined group at year-end 2014. Although life companies are some of the largest in terms of assets under management in the U.S. insurance industry, small life companies accounted for only 11.9% of total cash and invested assets for small insurers at \$20.5 billion.

Table 3: Year-End 2014 Small Insurer Assets by Industry (\$mil BACV)

Asset Class	P/C	Health	Life	Fraternal	Title	Total Asset Class (\$ mil.)
Industry Total	108,643	37,892	20,485	4,376	1,188	172,583
Industry Total as % of Total Asset Class	63.0%	22.0%	11.9%	2.5%	0.7%	100.0%
Number of Insurers	2,080	788	411	55	47	3,381

Similar to the asset class allocation trend in the overall U.S. insurance industry, the composition of small insurers' investment portfolios among the five insurer types did not noticeably change from 2013 to 2014 (the latter of which is shown in Table 4 and Table 5). There were a few noticeable differences, however, between small companies and the overall U.S. insurance industry across insurer types. For example, the percentage allocation of bonds for small P/C companies was 73% of total assets in 2014 (see Table 4) compared to 55.5% for P/C companies in the overall U.S. insurance industry. In addition, small P/C insurers held higher cash balances at 13.2% of total assets (compared to 5.4% for the overall U.S. insurance industry). Lastly, common stock exposure for small P/C companies was 11.3% of total assets compared to 28.5% for the overall U.S. insurance industry (which includes a sizeable portion of affiliates). Excluding Berkshire Hathaway and State Farm, as an adjustment to their large allocation to common stock, P/C companies' allocation to common stock (with respect to the overall U.S. insurance industry) was about 23% at year-end 2014.

Another notable difference in asset allocations across insurer types, particularly between small life companies and the life industry overall, was in cash and short-term investments: They were 11.3% of total assets for small life companies versus 5.4% for all life companies in 2014. A similar trend occurred with small health and title companies: Cash and short-term investments for small health and title companies were 33.4% and 26.0% of total assets in 2014, respectively (see Table 4), compared to 16.4% and 10% for all health and title companies, respectively. A larger balance of cash and short-term investments held by small companies compared to the overall industry likely reflects small companies' different liquidity needs. The 76% bond allocation by small life insurers, as shown in Table 4, is not significantly different from the 72.5% allocation to bonds by all U.S. life companies as reported in 2014. And small life companies' allocation to common stock (5.6% of total cash and invested assets) was also not substantially different from that of overall life companies' exposure at 4% of total cash and invested assets (including affiliated common stock) in 2014.

Table 4: Year-End 2014 Small Insurer Asset Allocations (% of Cash and Invested Assets)

Asset Class	P/C	Health	Life	Fraternal	Title
Bonds	73.0%	53.1%	76.0%	87.2%	58.8%
Cash and Short-Term Investments	13.2%	33.4%	11.3%	2.7%	26.0%
Common Stock	11.3%	10.2%	5.6%	3.1%	10.5%
Preferred Stock	0.4%	0.0%	0.9%	0.8%	1.5%
Mortgages, First Lien	0.1%	0.0%	2.1%	3.1%	0.9%
Real Estate	0.5%	1.7%	1.1%	1.1%	0.7%
Contract Loans	0.0%	0.0%	1.9%	1.5%	0.0%
Schedule BA & Other Invested Assets	1.2%	1.1%	1.0%	0.3%	1.7%
Other Receivables	0.1%	0.4%	0.1%	0.1%	0.0%
Derivatives	0.0%	0.0%	0.0%	0.0%	0.0%
Securities Lending (Reinvested Collateral)	0.1%	0.2%	0.1%	0.1%	0.0%
Industry Total	100.0%	100.0%	100.0%	100.0%	100.0%

Table 5: Year-End 2013 Small Insurer Asset Allocations (% Cash and Invested Assets)

Asset Class	P/C	Health	Life	Fraternal	Title
Bonds	73.7%	49.4%	76.8%	86.9%	57.0%
Cash and Short-Term Investments	12.9%	29.2%	10.2%	2.8%	29.7%
Common Stock	10.7%	17.9%	5.5%	3.3%	9.6%
Preferred Stock	0.4%	0.0%	0.8%	0.9%	0.1%
Mortgages, First Lien	0.1%	0.0%	2.9%	3.1%	1.4%
Real Estate	0.5%	1.6%	1.0%	1.1%	0.7%
Contract Loans	0.0%	0.0%	1.7%	1.6%	0.0%
Schedule BA & Other Invested Assets	1.3%	1.5%	1.0%	0.4%	1.6%
Other Receivables	0.2%	0.3%	0.1%	0.0%	0.0%
Derivatives	0.1%	0.0%	0.0%	0.0%	0.0%
Securities Lending (Reinvested Collateral)	0.1%	0.2%	0.0%	0.1%	0.0%
Industry Total	100.0%	100.0%	100.0%	100.0%	100.0%

Small Insurer Bond Types

Total bonds increased 3.6% from year-end 2013 to year-end 2014 for small insurers, but the breakdown across bond types changed very little since at least 2010. Table 6 and Table 7 show that approximately 36% of all bond investments were in corporate bonds for year-end 2014, which was relatively consistent with year-end 2013 exposure. As of year-end 2014, total corporate bond investments were the largest bond exposure for small insurers at almost \$42.1 billion. In comparison, the entire U.S. insurance industry invested about \$2 trillion in corporate bonds in 2014; small insurers accounted for only 2% of the overall industry's corporate bond exposure.

Similar to the overall industry trend, the second largest bond exposure for small insurers was in municipal bonds at \$35.2 billion, or 29.5% of total small insurer investments. This represents 6.5% of municipal bond exposure for the whole industry. Also similar to the overall industry, municipal bonds were the largest bond exposure for small P/C companies (whereas corporate bonds were the largest for the remaining small four insurer types), followed by corporate bonds. While U.S. government bonds were the third largest bond exposure for small insurers at 15.7% of total bonds (consistent with year-end 2013 exposure), they were the fifth largest for the overall U.S. insurance industry. Perhaps similar to the trend with cash balances, small insurers likely invested in U.S. government bonds when alternative, attractive investment opportunities

were not available. U.S. government bonds are more liquid than other bond types. Therefore, they carry lower price volatility and are also deemed risk-free. As such, U.S. government bonds may be considered favorable investments by small insurers that lack sophisticated investment management capabilities (i.e., resources and/or processes).

Table 6: Year-End 2014 Bond Breakdown (\$mil) for Small Insurers

Asset Class	P/C	Health	Life	Fraternal	Title	Total Asset Class (\$ mil.)	Total Asset Class/Total (%)
Corporate Bonds	23,927	7,561	8,163	2,200	295	42,147	35.3%
Municipal Bonds	26,595	4,871	2,582	951	290	35,289	29.5%
U.S. Government	14,379	3,246	1,780	151	71	19,627	16.4%
Agency-Backed RMBS	7,731	2,358	1,321	256	23	11,689	9.8%
ABS and Other Structured Securities	3,050	853	536	143	16	4,598	3.8%
Private-Label CMBS*	1,897	823	489	43	-	3,252	2.7%
Private-Label RMBS	493	156	291	21	0	961	0.8%
Agency-Backed CMBS	612	93	172	11	0	888	0.7%
Foreign Government	551	120	110	30	-	811	0.7%
Hybrid Securities	92	34	127	10	0	263	0.2%
Industry Total	79,327	20,116	15,571	3,817	696	119,527	100.0%
Industry Total/Total (%)	66.4%	16.8%	13.0%	3.2%	0.6%	100.0%	

*CMBS are Commercial Mortgage-Backed Securities

Table 7: Year-End 2013 Bond Breakdown (\$mil) for Small Insurers

Asset Class	P/C	Health	Life	Fraternal	Title	Total Asset Class (\$ mil.)	Total Asset Class/Total (%)
Corporate Bonds	23,670	7,001	9,332	2,136	277	42,416	35.5%
Municipal Bonds	28,248	4,554	2,689	883	271	36,646	30.7%
U.S. Government	13,663	3,108	1,843	170	70	18,855	15.8%
Agency-Backed RMBS	7,754	2,634	1,291	242	21	11,943	10.0%
ABS and Other Structured Securities	2,682	711	507	139	17	4,056	3.4%
Private-Label CMBS	1,871	718	433	53	1	3,075	2.6%
Private-Label RMBS	856	120	421	35	0	1,432	1.2%
Foreign Government	587	117	147	33	0	883	0.7%
Agency-Backed CMBS	591	90	174	14	1	870	0.7%
Hybrid Securities	102	36	120	11	0	270	0.2%
Industry Total	80,026	19,090	16,957	3,716	658	120,446	100.0%
Industry Total/Total (%)	66.4%	15.8%	14.1%	3.1%	0.5%	100.0%	

As evidenced in Table 8 and Table 9, most bond exposures across the five small industry types remained relatively consistent from 2013 to 2014. To the extent the bond percentages of the different bond types vary between the different small insurance company types, it is due, in part, to duration management and risk appetite. For example, as previously mentioned, municipal bonds were the largest bond type for small P/C companies (whereas they were only 15.6% of small life companies' total bond investments in 2014), as P/C companies generally benefit more from the tax exempt status of most municipal bonds. This same trend holds true for life and P/C companies in the overall U.S. insurance industry. In addition, the third largest bond type for small life, P/C and health companies was U.S. government bonds at 10.8%, 16.8% and 16.5% of total bonds, respectively, as of year-end 2014. However, the third largest bond type for small fraternal companies was agency-backed residential mortgage-backed securities (RMBS). Given their small size, perhaps investment in government or government-related investments follows a prudent strategy. For P/C and health companies overall, the third largest exposure was in U.S. government bonds but for life and title companies, it was agency-backed RMBS.

Table 8: Year-End 2014 Bond Breakdown (%)

Asset Class	P/C	Health	Life	Fraternal	Title
Corporate Bonds	30.2%	37.6%	52.4%	57.6%	42.4%
Municipal Bonds	33.5%	24.2%	16.6%	24.9%	41.7%
U.S. Government	18.1%	16.1%	11.4%	4.0%	10.2%
Agency-Backed RMBS	9.7%	11.7%	8.5%	6.7%	3.3%
ABS and Other Structured Securities	3.8%	4.2%	3.4%	3.8%	2.3%
Private-Label CMBS	2.4%	4.1%	3.1%	1.1%	0.0%
Private-Label RMBS	0.6%	0.8%	1.9%	0.5%	0.0%
Agency-Backed CMBS	0.8%	0.5%	1.1%	0.3%	0.1%
Foreign Government	0.7%	0.6%	0.7%	0.8%	0.0%
Hybrid Securities	0.1%	0.2%	0.8%	0.3%	0.0%

Table 9: Year-End 2013 Bond Breakdown (%)

Asset Class	P/C	Health	Life	Fraternal	Title
Corporate Bonds	29.6%	36.7%	55.0%	57.5%	42.1%
Municipal Bonds	35.3%	23.9%	15.9%	23.8%	41.1%
U.S. Government	17.1%	16.3%	10.9%	4.6%	10.7%
Agency-Backed RMBS	9.7%	13.8%	7.6%	6.5%	3.2%
ABS and Other Structured Securities	3.4%	3.7%	3.0%	3.7%	2.6%
Private-Label CMBS	2.3%	3.8%	2.6%	1.4%	0.1%
Private-Label RMBS	1.1%	0.6%	2.5%	1.0%	0.0%
Agency-Backed CMBS	0.7%	0.6%	0.9%	0.9%	0.1%
Foreign Government	0.7%	0.5%	1.0%	0.4%	0.1%
Hybrid Securities	0.1%	0.2%	0.7%	0.3%	0.0%
Industry Total	100.0%	100.0%	100.0%	100.0%	100.0%

While year over year bond exposures across the five industry types, for the most part, did not change much, there was a small decrease in agency-backed RMBS for small health companies from 13.8% in 2013 to 11.7% in 2014, but an increase in asset-backed securities (ABS) and other structured securities from 3.7% to 4.2% of total small health company assets (for the same respective years). In addition, there was an increase in agency-backed RMBS for small life companies from 7.6% in 2013 to 8.5% in 2014 that coincided with a small decrease in municipal and U.S. government bonds (for small life companies). Perhaps this was a move for yield pickup by both small insurance company types. Lastly, there was an increase in municipal bonds for small fraternal companies from 23.8% in 2013 to 24.9% in 2014 that aligned with a small decrease in U.S. government bonds.

Credit Quality Breakdown

Small insurers have a slightly larger allocation to investment grade bonds (NAIC 1 and NAIC 2 designations) compared to the overall U.S. insurance industry. About 98% of bonds held by small insurers were investment grade as of year-end 2014 (Table 10) compared to 94% for the overall U.S. insurance industry. Across the five small insurance company types, between 97% and 99% of bond investments were investment grade at year-end 2014 as shown in Table 10. The difference between NAIC 1 and NAIC 2 designations varied among small insurer types, ranging from 70.5% of bonds designated NAIC 1 for small fraternal to 90.1% of bonds designated NAIC 1 for small title companies. Similar to the broader U.S. insurance industry, small life and fraternal companies had a smaller share of NAIC 1-designated bonds, at 72% and 71% of total bond investments, respectively. In comparison, the remaining three insurer types' (P/C, health and title) proportion of NAIC 1 designated bonds ranged from 85% to 90% of total bond investments. Even though a higher proportion of lower investment grade bonds (i.e., NAIC 2 designations) increases the yield on the insurers' invested assets, it also slightly increases the risk and, ultimately, expected loss of the investment portfolio, as well as market value volatility.

The breakdown of NAIC designations was relatively consistent year over year from 2013-2014 for small insurers.

Table 10: Year-End 2014 Bond Breakdown – NAIC Designation (%)

Asset Class	P/C	Health	Life	Fraternal	Title
1	88.9%	84.9%	73.2%	70.5%	90.1%
2	9.9%	13.1%	23.9%	26.9%	9.3%
Investment Grade	98.8%	98.0%	97.1%	97.4%	99.3%
3	0.8%	1.4%	2.2%	1.8%	0.6%
4	0.3%	0.5%	0.4%	0.6%	0.1%
5	0.1%	0.0%	0.2%	0.1%	0.0%
6	0.0%	0.0%	0.1%	0.0%	0.0%
Non-Investment Grade	1.2%	2.0%	2.9%	2.6%	0.7%

Small Insurer Common Stock Exposure in 2014 and 2013

As shown in Table 11, among the five major industry types, small P/C companies accounted for 70% of all small insurance companies' common stock exposure, with the remainder predominantly split between small health (22.1%) and small life (6.5%) companies as of year-end 2014. Affiliated stock accounted for 34.4% (or about \$4.2 billion) of small P/C company stock holdings. Small life companies had the highest concentration of affiliated stock at 55.6% of its common stock holdings. The affiliated stock of small health companies accounted for 36.5% of its common stock holdings, while affiliated stock of small fraternal and title companies each accounted for less than 30% of their respective common stock holdings.

Table 11: Year-End 2014 Common Stock Breakdown (\$mil)

Common Stock Type	P/C	Health	Life	Fraternal	Title	Common Stock Total	Common Stock Total/Total (%)
Unaffiliated Common Stock	6,003	952	401	88	70	7,514	42.8%
Affiliated Common Stock	4,232	1,413	633	0	36	6,313	35.9%
Mutual Funds	1,947	1,407	102	48	18	3,523	20.1%
Money Market Mutual Funds	111	103	2	-	0	216	1.2%
Total	12,293	3,874	1,138	136	124	17,566	100%
Industry Total/Total (%)	70.0%	22.1%	6.5%	0.8%	0.7%	100.0%	

Sector/Industry Breakdown Among Corporate Bonds and Common Stock Between 2014 and 2013

Percentage allocations to the top three corporate bond sectors decreased in 2014 from their 2013 levels for small insurers. Financials (i.e., banks, insurance companies and non-bank financial institutions) were the largest sector among corporate bonds in terms of BACV, representing 37.2% of total corporate bond exposure (about \$19 billion) as of year-end 2014—a small decrease from 35.1% at year-end 2013. The allocation is close to market weight versus industry as a whole, which is underweight financials, suggesting that small insurers are, deliberately or by necessity, taking a more passive approach. Financial institutions are historically major issuers in the corporate bond market, often accounting for well in excess of 35% of total issuance. The 2008 financial crisis raised concerns about volatility in this sector, including the risk of interconnectedness. Consumer, non-cyclical increased from 14.3% to 15.1% of total corporate bond exposure, or \$6 billion in BACV for small insurers. The allocation to energy, the third largest sector for small insurers, was 9.1% of total corporate bond exposure at \$3.6 billion as of year-end 2014.

Similar to corporate bonds, the largest sector allocation within small U.S. insurer common stock investments was in financials—the largest unaffiliated equity sector for small insurers at \$2.1 billion as of year-end 2014, representing 29.2% of total common stock exposure. Consumer (non-cyclical) and industrial represented 20.4% and 9.9%, respectively. In 2013, the Standard & Poor's (S&P) 500 Index, a proxy for the large-cap equity market, returned 26%, and small insurer exposure to common stock increased 11.8%, while in 2014, the S&P 500 Index returned 11.5%, but small insurer exposure decreased 12.2%. This trend suggests that while there was

growth in the S&P 500 Index, small insurers were taking gains. Mutual funds and money market mutual funds accounted for \$3.7 billion, or 21.3% of small insurer common stock investments.

Summary

In general, the asset allocations for small insurers have not changed significantly over the five years ended 2014, even as insurers have made slight adjustments due to changing economic and market conditions. This includes a gradual decrease in Schedule BA and Other Invested Assets over the five-year period, which includes hedge funds, private equity funds and joint venture investments. Similar to the overall U.S. insurance industry, for the five-year time period, bonds were consistently the largest investment type, and corporate bonds the largest bond type for all small industry types (except for P/C whose largest bond type were municipal bonds). Also similar to the overall U.S. insurance industry, the largest corporate bond sector for small insurers was financials. The broad asset allocations of the insurance industry's investment portfolios for small insurers remained fairly stable from year to year (at least in the five-year time period analyzed), despite small shifts in allocations. Also in line with the overall industry, NAIC 1- and NAIC 2-designated bonds comprised the largest share of small insurer invested assets. Small insurers have larger allocations to cash and common stock relative to large insurers. Small insurer common stock allocation (including affiliated stock) was about 10.2% in 2014 and was diversified across 10 sectors, the largest in financials. Small insurers have very little (less than 1%) affiliated bond investments, but affiliated stock investments were higher at 3.7% of total cash and invested assets and about 35.9% of common stock investments. The Capital Markets Bureau will continue to monitor trends within the asset allocations in the insurance industry and report on any developments as deemed appropriate.

November 30, 2015								
Major Insurer Share Prices		Close	Change %			Prior		
			Week	QTD	YTD	Week	Quarter	Year
Life	Aflac	\$65.24	(0.6)	12.2	6.8	\$65.66	\$58.13	\$61.09
	Ameriprise	112.95	(1.3)	3.5	(14.6)	114.49	109.13	132.25
	Genworth	5.05	(0.2)	9.3	(40.6)	5.06	4.62	8.50
	Lincoln	54.99	(0.8)	15.9	(4.6)	55.41	47.46	57.67
	MetLife	51.09	0.1	8.4	(5.5)	51.02	47.15	54.09
	Principal	51.46	1.2	8.7	(0.9)	50.83	47.34	51.94
	Prudential	86.55	0.0	13.6	(4.3)	86.53	76.21	90.46
	UNUM	36.68	(1.2)	14.3	5.2	37.12	32.08	34.88
PC	ACE	\$114.85	(1.4)	11.1	(0.0)	\$116.48	\$103.40	\$114.88
	Axis Capital	56.00	1.0	4.2	9.6	55.47	53.72	51.09
	Allstate	62.76	(0.9)	7.8	(10.7)	63.34	58.24	70.25
	Arch Capital	72.47	(2.1)	(1.4)	22.6	74.06	73.47	59.10
	Cincinnati	61.11	0.1	13.6	17.9	61.02	53.80	51.83
	Chubb	130.53	(0.6)	6.4	26.2	131.38	122.65	103.47
	Everest Re	184.44	(0.6)	6.4	8.3	185.61	173.34	170.30
	Progressive	30.82	(2.4)	0.6	14.2	31.58	30.64	26.99
	Travelers	114.57	(1.1)	15.1	8.2	115.83	99.53	105.85
	WR Berkley	55.66	1.8	2.4	8.6	54.69	54.37	51.26
	XL	38.18	(0.5)	5.1	11.1	38.39	36.32	34.37
Other	AON	\$94.74	(0.1)	6.9	(0.1)	\$94.86	\$88.61	\$94.83
	AIG	63.58	2.2	11.9	13.5	62.21	56.82	56.01
	Assurant	85.52	(0.9)	8.2	25.0	86.29	79.01	68.43
	Fidelity National	35.85	0.7	1.1	4.1	35.61	35.47	34.45
	Hartford	45.64	(0.7)	(0.3)	9.5	45.98	45.78	41.69
	Marsh	55.30	(1.1)	5.9	(3.4)	55.89	52.22	57.24
Health	Aetna	\$102.75	(1.6)	(6.1)	15.7	\$104.43	\$109.41	\$88.83
	Cigna	134.98	2.1	(0.0)	31.2	132.17	135.02	102.91
	Humana	168.66	0.6	(5.8)	17.4	167.61	179.00	143.63
	United	112.71	(0.2)	(2.8)	11.5	112.97	116.01	101.09
Monoline	Assured	\$26.44	(1.2)	5.8	1.7	\$26.75	\$25.00	\$25.99
	MBIA	6.57	(0.2)	8.1	(31.1)	6.58	6.08	9.54
	MGIC	9.54	0.2	3.0	2.4	9.52	9.26	9.32
	Radian	14.25	0.2	(10.4)	(14.8)	14.22	15.91	16.72
	XL Capital	38.18	(0.5)	5.1	11.1	38.39	36.32	34.37

November 30, 2015								
Major Insurer Share Prices		Close	Change %			Prior		
			Week	QTD	YTD	Week	Quarter	Year
Life	Aflac	\$65.24	(0.6)	12.2	6.8	\$65.66	\$58.13	\$61.09
	Ameriprise	112.95	(1.3)	3.5	(14.6)	114.49	109.13	132.25
	Genworth	5.05	(0.2)	9.3	(40.6)	5.06	4.62	8.50
	Lincoln	54.99	(0.8)	15.9	(4.6)	55.41	47.46	57.67
	MetLife	51.09	0.1	8.4	(5.5)	51.02	47.15	54.09
	Principal	51.46	1.2	8.7	(0.9)	50.83	47.34	51.94
	Prudential	86.55	0.0	13.6	(4.3)	86.53	76.21	90.46
	UNUM	36.68	(1.2)	14.3	5.2	37.12	32.08	34.88
PC	ACE	\$114.85	(1.4)	11.1	(0.0)	\$116.48	\$103.40	\$114.88
	Axis Capital	56.00	1.0	4.2	9.6	55.47	53.72	51.09
	Allstate	62.76	(0.9)	7.8	(10.7)	63.34	58.24	70.25
	Arch Capital	72.47	(2.1)	(1.4)	22.6	74.06	73.47	59.10
	Cincinnati	61.11	0.1	13.6	17.9	61.02	53.80	51.83
	Chubb	130.53	(0.6)	6.4	26.2	131.38	122.65	103.47
	Everest Re	184.44	(0.6)	6.4	8.3	185.61	173.34	170.30
	Progressive	30.82	(2.4)	0.6	14.2	31.58	30.64	26.99
	Travelers	114.57	(1.1)	15.1	8.2	115.83	99.53	105.85
	WR Berkley	55.66	1.8	2.4	8.6	54.69	54.37	51.26
	XL	38.18	(0.5)	5.1	11.1	38.39	36.32	34.37
Other	AON	\$94.74	(0.1)	6.9	(0.1)	\$94.86	\$88.61	\$94.83
	AIG	63.58	2.2	11.9	13.5	62.21	56.82	56.01
	Assurant	85.52	(0.9)	8.2	25.0	86.29	79.01	68.43
	Fidelity National	35.85	0.7	1.1	4.1	35.61	35.47	34.45
	Hartford	45.64	(0.7)	(0.3)	9.5	45.98	45.78	41.69
	Marsh	55.30	(1.1)	5.9	(3.4)	55.89	52.22	57.24
Health	Aetna	\$102.75	(1.6)	(6.1)	15.7	\$104.43	\$109.41	\$88.83
	Cigna	134.98	2.1	(0.0)	31.2	132.17	135.02	102.91
	Humana	168.66	0.6	(5.8)	17.4	167.61	179.00	143.63
	United	112.71	(0.2)	(2.8)	11.5	112.97	116.01	101.09
Monoline	Assured	\$26.44	(1.2)	5.8	1.7	\$26.75	\$25.00	\$25.99
	MBIA	6.57	(0.2)	8.1	(31.1)	6.58	6.08	9.54
	MGIC	9.54	0.2	3.0	2.4	9.52	9.26	9.32
	Radian	14.25	0.2	(10.4)	(14.8)	14.22	15.91	16.72
	XL Capital	38.18	(0.5)	5.1	11.1	38.39	36.32	34.37

November 30, 2015									
Major Insurer Bond Yields				Weekly Change					YTD
				Price			Spread over UST		Spread
Company	Coupon	Maturity	Current	Change	Yield	B.P.	Change	Change	
Life	Ameriprise	5.300%	3/15/2020	\$111.72	(\$0.18)	2.40%	88	7	13
	Genworth	6.515%	5/15/2018	\$101.06	\$0.69	6.04%	489	(26)	51
	Lincoln National	8.750%	7/15/2019	\$121.31	(\$0.12)	2.49%	110	3	(5)
	MassMutual	8.875%	6/15/2039	\$147.34	(\$0.52)	5.32%	258	8	63
	MetLife	4.750%	2/15/2021	\$110.84	\$0.34	2.51%	80	1	4
	New York Life	6.750%	11/15/2039	\$129.21	\$0.63	4.70%	195	1	40
	Northwestern Mutual	6.063%	3/15/2040	\$121.06	\$1.29	4.61%	183	(2)	34
	Pacific Life	9.250%	6/15/2039	\$146.08	\$0.22	5.68%	292	4	48
	Principal	6.050%	10/15/2036	\$116.25	\$0.52	4.81%	216	2	42
	Prudential	4.500%	11/15/2020	\$108.34	(\$0.02)	2.69%	102	5	3
	TIAA	6.850%	12/15/2039	\$124.70	\$0.43	5.06%	230	4	64
P&C	ACE INA	5.900%	6/15/2019	\$112.43	(\$0.39)	2.22%	73	6	(11)
	Allstate	7.450%	5/15/2019	\$116.86	(\$0.12)	2.34%	95	1	10
	American Financial	9.875%	6/15/2019	\$122.31	(\$0.02)	3.15%	172	3	26
	Berkshire Hathaway	5.400%	5/15/2018	\$109.31	(\$0.01)	1.52%	40	(1)	(0)
	Travelers	3.900%	11/15/2020	\$107.04	\$0.04	2.37%	72	5	12
	XL Group	6.250%	5/15/2027	\$116.84	(\$0.14)	4.36%	201	13	18
Other	AON	5.000%	9/15/2020	\$110.25	\$0.04	2.72%	103	1	8
	AIG	5.850%	1/15/2018	\$108.53	(\$0.14)	1.73%	72	2	4
	Hartford	5.500%	3/15/2020	\$111.48	(\$0.15)	2.67%	113	4	13
	Nationwide	9.375%	8/15/2039	\$150.95	\$1.66	5.50%	275	(1)	28
Health	Aetna	3.950%	9/15/2020	\$106.06	\$0.02	2.58%	95	4	1
	CIGNA	5.125%	6/15/2020	\$109.91	(\$0.03)	2.78%	118	5	24
	United Healthcare	3.875%	10/15/2020	\$106.84	\$0.03	2.38%	69	4	5
	Wellpoint	4.350%	8/15/2020	\$106.36	(\$0.16)	2.89%	129	9	38

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

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