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U.S. Insurer Exposure to Agency Direct Debt and Agency-Backed Residential Mortgage-Backed Securities

Federal National Mortgage Association (Fannie Mae, established in 1938) and Federal Home Loan Mortgage Corporation (Freddie Mac, established in 1970) are two housing government-sponsored enterprises (GSEs or agencies) that purchase, hold and sell mortgage loans, thereby giving lenders the cash to make additional loans. The Government National Mortgage Association (Ginnie Mae or GNMA), supports the housing market through guarantees on loans sold by mortgage lenders in the secondary market. Outstanding mortgage-backed securities (MBS) guaranteed by Ginnie Mae reached \$1.54 trillion at year-end 2014. U.S. insurers reported exposure to residential mortgage-backed securities (RMBS) guaranteed by Ginnie Mae with a book/adjusted carrying value (BACV) of \$13 billion as of year-end 2014. The risk from this exposure to Ginnie Mae is not the same as the risk from exposure to Fannie Mae and Freddie Mac. Unlike Fannie Mae and Freddie Mac, Ginnie Mae debt is supported by the full faith and credit of the U.S. In this special report, we review U.S. insurer exposure to agency-backed RMBS and GSE direct debt focusing on Fannie Mae and Freddie Mac, as well as show historical shifts in issuance to the present.

The actions of Fannie Mae and Freddie Mac provide liquidity to the mortgage market. The 1968 Housing and Urban Development Act (1968 HUD Act) placed Fannie Mae under the authority of the U.S. Department of Housing and Urban Development (HUD), under which it was required to devote a "reasonable" portion of mortgage purchases to low- and moderate-income housing. Prior to the 1968 HUD Act, Fannie Mae was restricted to purchasing loans that were either insured or guaranteed by the federal government through the Federal Housing Administration (FHA) or the U.S. Department of Veterans Affairs (VA). Freddie Mac was not subject to the low- and moderate-income mandate until 1995.

Residential mortgages must meet certain criteria to be eligible for purchase by the two aforementioned agencies. The eligibility criteria considers (among other things) loan type (purchase or refinance), occupancy type (primary or secondary residence) and loan quality (e.g., Alt-A, prime and subprime). By 1995, HUD's increased public policy interest in homeownership had expanded loans to borrowers with little capital and low credit quality and resulted in the increase in low, and often, no money down loans to borrowers with low Fair Isaac Company (FICO) scores. FICO scores are used to evaluate the riskiness of a borrower. FICO scores range from 300 to 850. A high FICO is an accepted indicator of a good (or low) credit risk. The opposite is true for a low FICO. Subprime mortgage loans became a significant portion of residential mortgage loans starting from the early 1990s to the mid-2000s. There is no legal definition of a subprime borrower. However, a loan can be thought of as subprime (or high risk) if the borrower has a FICO of 620 or lower. According to the Federal Reserve Board of San Francisco, subprime lending grew from \$35 billion in 1994 to \$140 billion in 2000. From 2000, subprime lending grew steadily, reaching a peak of \$1.3 trillion outstanding in 2006 before lending halted in 2007 due to early mortgage payment defaults. Over time, Fannie Mae and Freddie Mac expanded into purchasing private label (non-agency) RMBS, which were predominately supported by the higher risk Alt-A and subprime mortgage loans. These

securities were mainly held for investment, although a small percentage were held for sale and either traded or securitized.

As mortgage defaults increased in late 2006 to 2008, GSE mortgage portfolio losses increased. The cumulative impact of these losses led to the GSEs being placed under Federal Housing Finance Agency (FHFA) Conservatorship in 2008, and they currently remain so).

Conservatorship is the equivalent of bankruptcy and prior to 2008 was applicable to financial institutions regulated by the Federal Deposit Insurance Corporation (FDIC). Conservatorship is intended to provide oversight, ensuring that the GSEs maintain daily operation while rebuilding financial strength. Under conservatorship, the rights and powers of shareholders are suspended. As part of the 2008 conservatorship, the U.S. Department of Treasury (Treasury Department) committed to providing financial support to Fannie Mae and Freddie Mac through Senior Preferred Stock Purchase Agreements (PSPAs). The PSPAs enable the two GSEs to draw on the commitment in exchange for preferred stock, enabling them to meet all outstanding financial obligations. As of year-end 2014, there was \$132.3 billion preferred stock outstanding. Senior preferred stock issued under the PSPA accounted for \$189 billion. Through December 2014, the two GSEs had paid \$225.4 billion in dividends to the Treasury Department on the senior preferred stock. Fannie Mae and Freddie Mac suspended dividends to the other preferred stock holders in 2008. As holders of non-cumulative preferred stock, those investors will not be compensated for the loss of the suspended dividends.

As of year-end 2014, U.S. insurers reported exposure to agency-backed RMBS with a BACV of about \$253 billion. The BACV of agency direct debt (i.e., debentures) held by insurers was \$25.3 billion for the same date, with approximately 60% of the total in Fannie Mae debt.

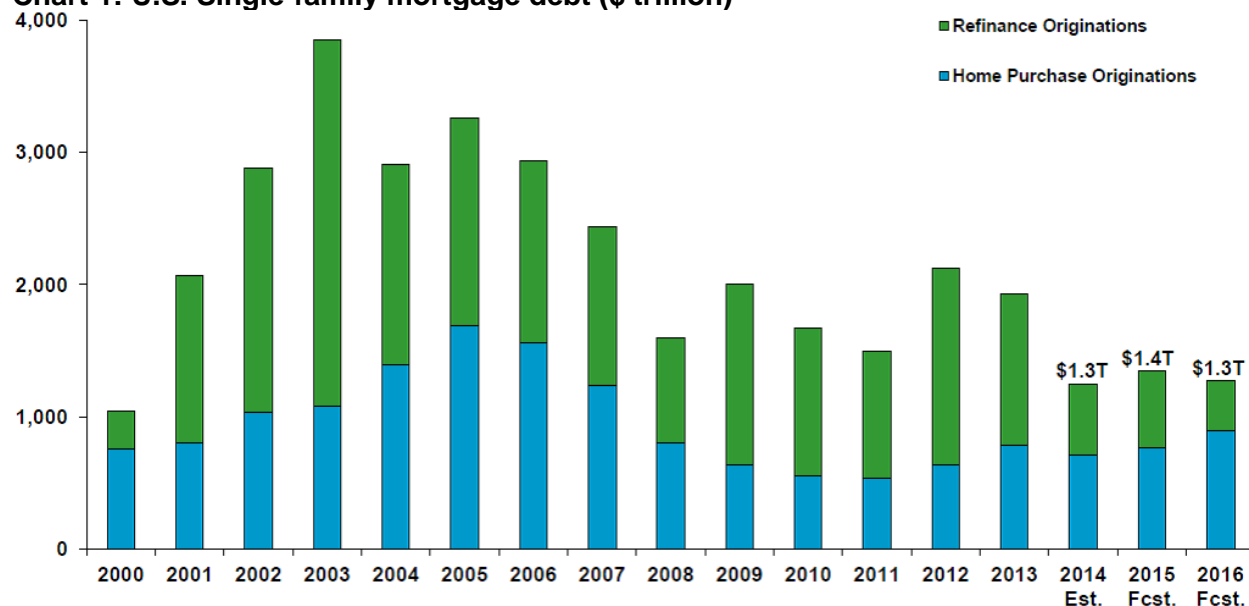
Agency RMBS and Collateralized Mortgage Obligations

Private label, or non-agency-backed, RMBS issuance all but disappeared since 2007 compared with being a substantial portion of new issuance in 2006 and 2007. In 2006, non-agency-backed RMBS was more than 56% of new issuance. By 2007, non-agency-backed RMBS shrank to less than 38% of new issuance. As of May 31, 2015, non-agency-backed RMBS issuance is at 5% of new issuance in 2015.

Prior to the financial crisis, non-agency-backed RMBS collateral consisted of conventional and jumbo loans categorized as prime, Alt-A and subprime, with a substantial portion being subprime. Since 2009, non-agency-backed RMBS have been collateralized by jumbo loans returning to the market profile prior to the growth in subprime lending. A jumbo loan is a mortgage amount that is greater than the mortgage loan limit set by Fannie Mae and Freddie Mac. The mortgage loan limit differs by county. The jumbo limit in New York, NY, in 2015 is \$625,500. Although lenders continue originating loans, those loans are mainly held in a portfolio or are being sold as whole loans. As non-agency issuance disappeared, Fannie Mae and Freddie Mac became the sole sources of issuance.

As demonstrated in Chart 1, single-family mortgage originations through the end of May suggest volumes may reach \$1.4 trillion by year-end 2015 after achieving a high of \$4 trillion in 2003. Since about 2014, refinancing has been a smaller component of originations than in prior years (such as the 2003 peak) when refinancing was more than 50% of originations. Low mortgage rates were a big contributor to the high level of refinancing.

Chart 1: U.S. Single-family mortgage debt (\$ trillion)



Source: Freddie Mac June 2015 Investor Presentation. Data as of Dec. 31, 2014.

Outstanding agency-backed MBS, which primarily consists of RMBS, was \$7.1 trillion as of year-end 2014 and accounted for 18% of U.S. bond market debt outstanding in the U.S. As of June 2015, Fannie Mae in terms of bonds outstanding had the largest share of agency-backed RMBS at 59%, with a 41% share from Freddie Mac. According to Securities Industry and Financial Markets Association (SIFMA) data, in 2014 agency-backed RMBS made up more than 90% of residential mortgage securitizations. In 2000, agency-backed RMBS new issuance was between \$500 billion and \$600 billion, compared to *non-agency* RMBS new issuance at about \$50 billion. Agency-backed RMBS issuance grew steadily between 2000 and 2003 to a high of more than \$2 trillion, as shown in Chart 2. From 2003 to 2004, the growth in issuance reversed, falling to about \$1 trillion. Non-agency RMBS issuance picked up, increasing from \$400 billion in 2004 to about \$700 billion in 2005; agency-backed RMBS issuance, in turn, shrank to about 50% total issuance over that same period. As investor interest in Alt-A, subprime and other mortgage products increased, non-agency-backed RMBS issuance grew to satisfy investor interest. In the second half of 2005, non-agency RMBS issuance decreased for the first time after several years of steady growth, and it has not returned to any meaningful issuance level since.

RMBS also includes both pass-through securities and collateralized mortgage obligations (CMOs). In a CMO, unlike a mortgage pass-through, the payment of interest or principal are structured to meet a particular investment need. In a pass-through, payment is made to each investor based on their pro rata share of transaction. The risk profile of a CMO can be markedly different from an RMBS pass-through. A pass-through does entail prepayment variability that is subject to payments from the underlying mortgage loans. The structuring of the cash flows into CMOs can take that variability into different directions. It can make the cash flows paid out to specific types of CMOs either more variable or less variable. Planned amortization classes (PACs) can be less variable depending on the specific structure. Targeted amortization classes (TACs) and other kinds of support bonds are generally much more variable. Interest-Only Strips (IOs) are extremely volatile because they have no principal payments due. Sequentials are generally not much more variable than pass-throughs, but they split a pass-through stream into sections. However, because the expectations for sequentials are more refined, the impact of that variability can be more pronounced. Variability of cash flows will depend on position in the priority of payments and whether the payment sequence is sequential or some other structure.

In a sequential pay structure, payments follow a specific order and timing. For example, in a multi-tranche structure (tranches A, B and C), all the tranches receive interest payments. Principal is paid to tranche A until paid in full and then to tranche B, followed by tranche C. CMO tranches may be structured as interest-only (IO), principal-only (PO), Z or a PAC. An IO tranche receives only a share of interest payments until legal maturity. Total interest received is sensitive to prepayment as the interest payment received depends on the principal outstanding. As the outstanding principal balance is reduced through principal payments or defaults, interest payments decline. If prepayments are faster than originally expected, the cash flow received may drop precipitously. The PO tranche receives the principal payments until maturity. The yield on the PO is also sensitive to prepayments. A Z tranche pays zero interest, but otherwise can be categorized in any of the other payment structures (e.g., sequential, PAC, TAC). Fast prepayments expose insurers to call risk, which is the risk of reinvesting principal at a lower rate in a low rate environment. Conversely, low prepayments expose insurers to extension risk, which is the inability to reinvest principal at higher rates in a high rate environment. A PAC's principal payment schedule is determined by modeling two prepayment rates. Prepayment in excess of the model rate is paid to the support tranche. Payments to the support tranches minimize prepayment risk to the PAC.

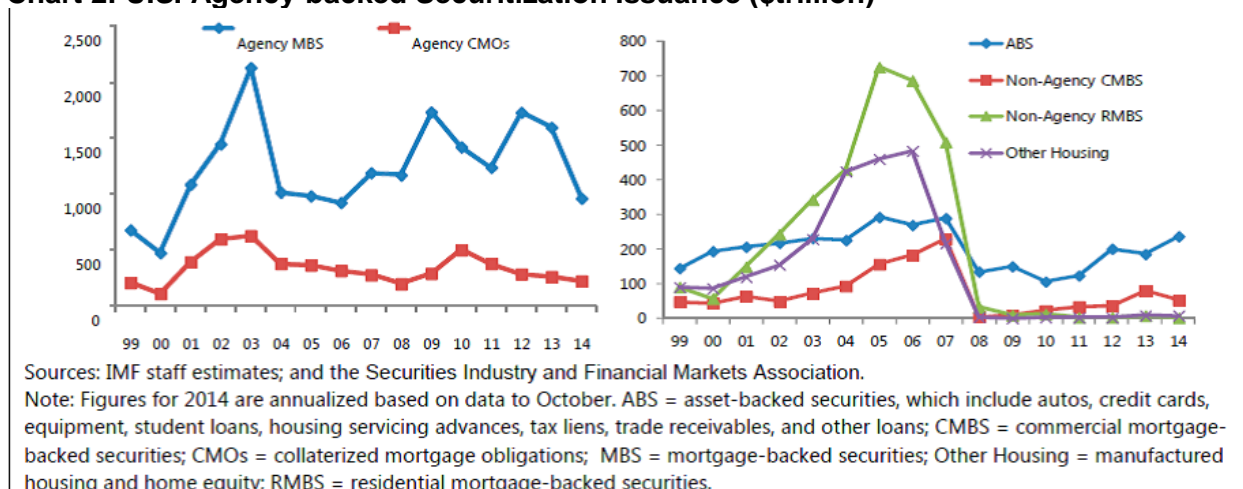
Analysis of the CMO tranches held by insurers revealed exposure with a BACV of at least \$894.5 million to IOs, \$118.1 million to POs, \$8.4 billion to Z, and \$28.8 million in non-sticky jump securities (NSJ). NSJs are highly structured cash flows that provide support to other CMOs by absorbing prepayment risk and extension risk. A summary of the BACV in each tranche or structure type is shown in Table 1. The BACV of CMO tranches can be grouped as timing structures. In a timing structure, the payment of principal is set for a specified time. Timing structures are sequential pay, scheduled, PAC or TAC. About \$70.1 billion (or 59%) of the CMO exposure is in a sequential pay, scheduled, PAC or TAC structure.

Table 1: U.S. Insurer Exposure to Agency-Backed RMBS (\$mil)

	Structure
	IO
	PO
	Z
	NSJ
	Pass-Through
	Planned Amortization Class
	Other
	Total CMO

According to SIMFA data, agency-backed CMO issuance was \$211.6 billion in 2014, which was about 21.6% of total agency-backed MBS issuance. At year-end 2014, agency-backed CMOs outstanding totaled \$1.1 trillion (surpassing the \$1 trillion outstanding in 2003); they had surpassed \$1 trillion in 2003, (and close to the high of \$1.4 trillion reached in 2011) reaching a high of \$1.4 trillion in 2011.

Chart 2: U.S. Agency-backed Securitization Issuance (\$trillion)



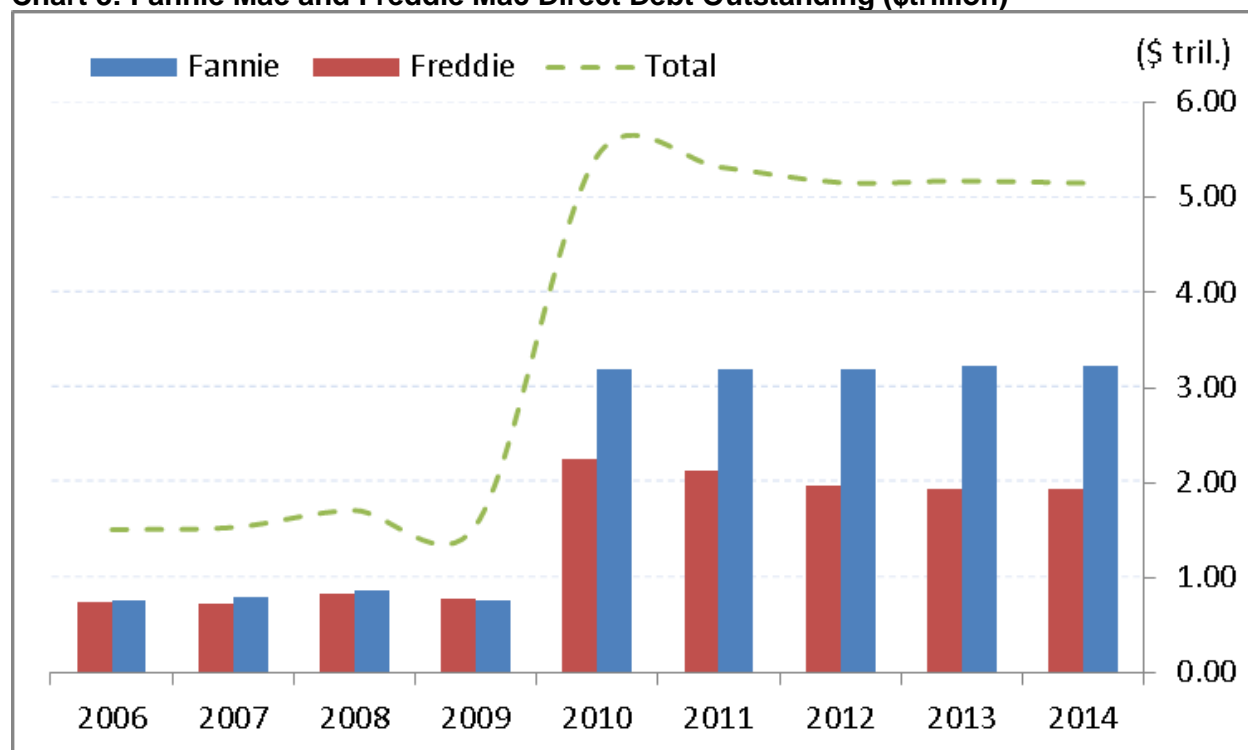
Source: Freddie Mac June 2015 Investor Presentation. Data as of Dec. 31, 2014.

National Mortgage News, a publication focused on the mortgage market, expects non-agency RMBS to remain at depressed levels because of (among other reasons) weak investor appetite, new regulations and higher qualification standards. Since 2009, non-agency RMBS have been issuances backed by jumbo loans. Non-agency RMBS issuance was about \$14 billion in 2013, and \$9.6 billion in 2014. As of June 2015, issuance of non-agency RMBS was \$2.6 billion. Fannie Mae and Freddie Mac are the main source of liquidity for residential mortgage loans—a position not held since before the non-agency RMBS boom in late 2003 to 2004. According to data from Freddie Mac, agency-backed RMBS issuance was about \$700 billion in 2014, representing a return to 2001 issuance levels. As of June 2015, agency-backed MBS issuance had reached \$660 billion, including multi-family CMBS.

Fannie Mae and Freddie Mac Direct Debt

As of year-end 2014, Fannie Mae and Freddie Mac had a combined \$5.1 trillion of direct debt outstanding, representing a reduction of \$23.6 billion from 2013 due to debt retirement (see Chart 3). About 62.5% percent of this amount was issued by Fannie Mae, according to the 2014 FHFA year-end report to Congress. In 2010, the two agencies issued about \$3.9 trillion of new debt, which took post-crisis debt outstanding to \$5.4 trillion. The agencies' debt outstanding has since been declining at an average of \$71.9 billion annually, or about \$360 billion over five years. The pace of debt reduction has been made possible by the growth in net income since 2010 and the additional capital provided under the PSPA by the Treasury Department.

Chart 3: Fannie Mae and Freddie Mac Direct Debt Outstanding (\$trillion)



Source: FHFA 2014 report to Congress.

U.S. Insurer Exposure to Direct Agency Debt, Agency-Backed RMBS

Direct Agency Debt

As of year-end 2014, U.S. insurers reported total exposure to agency direct debt with a BACV of \$25.3 billion (see Table 2). The reported BACV is a 14.9% decrease from \$29.7 billion in 2013 (see Table 3). The decrease is reflective of an allocation shift from agency-backed RMBS to agency-backed CMBS, corporate bonds and other fixed-income investments. As shown in Table 1, about 60% of the industry's 2014 exposure was to Fannie Mae at \$15 billion, and exposure to Freddie Mac was 40.4% of the industry's total exposure to GSE direct debt.

Table 2: Year-End 2014 U.S. Insurer Exposure to Agency Direct Debt by Industry (\$mil)

Agency	Life	P/C	Health	Fraternal	Title
Fannie Mae	7,031.28	6,233.02	1,212.74	557.93	25.22
Freddie Mac	4,338.50	4,663.32	953.78	241.89	16.53
Insurer Type Total	11,369.78	10,896.34	2,166.53	799.82	41.75
Insurer Type Total/Total(%)	45.0%	43.1%	8.6%	3.2%	0.2%

Table 3: Year-End 2013 U.S. Insurer Exposure to Agency Direct Debt by Industry (\$mil)

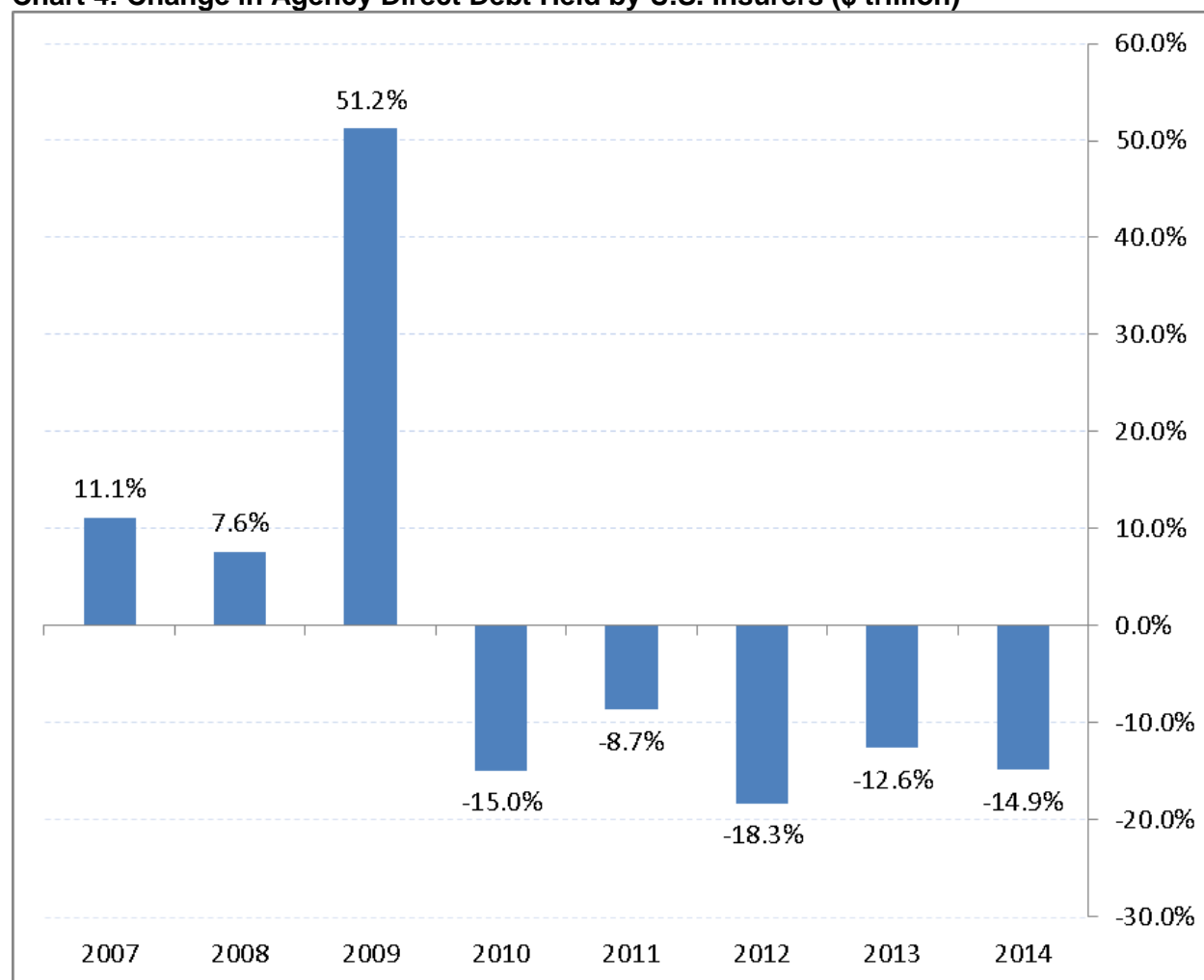
Agency	Life	P/C	Health	Fraternal	Title
Fannie Mae	7,495.83	7,491.89	1,434.89	730.77	44.87
Freddie Mac	5,120.66	5,762.56	1,308.79	271.72	33.85

Insurer Type Total	12,616.49	13,254.46	2,743.68	1,002.49	78.71
Insurer Type Total/Total(%)	42.5%	44.6%	9.2%	3.4%	0.3%

Comparing Tables 1 and 2, property/casualty (P/C) and life companies' exposure in 2013 and 2014 was relatively consistent. P/C and life companies accounted for 43% and 45% of the industry's exposure to direct GSE debt, respectively, as of year-end 2014, compared to approximately 45% and 43% in 2013.

As shown in Chart 4, for the eight years ended 2014, since 2009, insurer exposure to agency direct debt declined. Over the five-year period ended 2014, agency direct debt was its highest in 2010, at 1.3% of industry's total bond exposure (or \$45.6 billion). As of year-end 2014 it was 0.7%, the lowest point during the five-year period. Although the GSEs continue under conservatorship, their balance sheets have strengthened. According to the FHFA 2014 report to Congress, rising net income enabled dividend payments under the PSPA and a reduction in outstanding debt.

Chart 4: Change in Agency Direct Debt Held by U.S. Insurers (\$ trillion)



Agency-Backed RMBS

At year-end 2014, U.S. insurers' exposure to agency-backed RMBS was about \$252.9 billion in BACV (see Table 4). About two-thirds, or \$170.1 billion, was held by life companies. P/C companies held \$64.1 billion (or 25.3%) of the remaining \$82.8 billion. As a percent of assets,

P/C companies have a larger exposure to RMBS than Life companies. The exposure decreased by \$13.5 billion, or 5.1%, from \$266.5 billion reported in 2013.

Table 4: U.S. Insurer Exposure to Agency-Backed RMBS (\$mil)

Agency-Backed RMBS	Life	P/C	H
2014	170,147.01	64,064.87	
2013	179,573.90	66,540.36	
Year-Over-Year Difference	(9,426.89)	(2,475.48)	
Percentage Change	-5%	-4%	

U.S. insurer exposure to agency-backed RMBS has declined steadily as a percentage of total bond exposure to 7.4% at year-end 2014 from 8.8% in 2011, a high for the five-year period ended 2014. The BACV of agency-backed CMOs represented 46.6% of agency-backed RMBS exposure at \$117.9 billion for year-end 2014, with no meaningful change from 47.8% in 2013 (see Table 5). During the nine-year period ending 2014, agency-backed CMO exposure peaked at \$156.2 billion in 2008, representing 54.2% of agency-backed RMBS exposure.

Table 5: U.S. Insurer Exposure to Agency-Backed CMO (\$mil)

Agency-Backed CMO	Life	P/C	H
2014	92,323.44	21,928.96	
2013	100,212.87	23,151.04	
Year-Over-Year Difference	(7,889.43)	(1,222.08)	
Percentage Change	-8%	-5%	

Almost all of the industry's agency-backed RMBS carried NAIC 1 designations in 2014, unchanged from 2013 due to the bonds having GSE support. Fannie Mae and Freddie Mac generally issue senior bonds for which they guarantee payment of interest and principal ensuring an investment grade rating. They have occasionally also offered subordinated bonds, which are not guaranteed and which may be rated less than investment grade. The BACV of agency-backed RMBS in the top-10 state domiciles was \$222 billion, or 73.9% of total agency-backed RMBS held by all insurers as of year-end 2014. The largest concentration (26%) was held by insurers domiciled in New York, followed by 13% in Wisconsin. Illinois (7%), Delaware (7%) and Iowa (5%) completed the top-5 domiciles.

Summary

Despite attractive yields, insurer exposure to agency-backed RMBS has been declining from a high of \$355.7 billion in 2011 to about \$253 billion at year-end 2014. This trend is due to insurers broadening their exposure to other higher yielding fixed-income investments as discussed in the NAIC Capital Markets Bureau's special report titled "Are Insurers Reaching for Yield in the Low Interest Rate Environment?" published on July 2, 2015.

The BACV of agency direct debt held by insurers decreased from \$29.7 billion in 2013 to \$25.3 billion in 2014, with approximately 60% of the total in Fannie Mae debt in both years. Agency direct debt was as high as \$45.6 billion, or 1.3% of total bonds held by insurers in 2010 (for the nine years ended 2014). As of year-end 2014, it fell to 0.7% of total bonds, or \$25.3 billion (\$15.1 billion in Fannie Mae and \$10.2 billion in Freddie Mac direct debt).

The Capital Markets Bureau will continue to monitor trends within agency direct debt and agency-backed RMBS in the insurance industry and report on any developments as deemed appropriate.

November 20, 2015								
Major Insurer Share Prices			Change %			Prior		
			Close	Week	QTD	YTD	Week	Quarter
Life	Aflac	\$65.66	3.9	13.0	7.5	\$63.22	\$58.13	\$61.09
	Ameriprise	114.49	1.8	4.9	(13.4)	112.49	109.13	132.25
	Genworth	5.06	8.1	9.5	(40.5)	4.68	4.62	8.50
	Lincoln	55.41	2.0	16.8	(3.9)	54.33	47.46	57.67
	MetLife	51.02	2.3	8.2	(5.7)	49.89	47.15	54.09
	Principal	50.83	4.2	7.4	(2.1)	48.77	47.34	51.94
	Prudential	86.53	2.7	13.5	(4.3)	84.29	76.21	90.46
	UNUM	37.12	3.6	15.7	6.4	35.84	32.08	34.88
PC	ACE	\$116.48	4.1	12.6	1.4	\$111.85	\$103.40	\$114.88
	Axis Capital	55.47	0.9	3.3	8.6	54.96	53.72	51.09
	Allstate	63.34	1.5	8.8	(9.8)	62.41	58.24	70.25
	Arch Capital	74.06	1.0	0.8	25.3	73.36	73.47	59.10
	Cincinnati	61.02	2.5	13.4	17.7	59.52	53.80	51.83
	Chubb	131.38	2.2	7.1	27.0	128.49	122.65	103.47
	Everest Re	185.61	2.5	7.1	9.0	181.13	173.34	170.30
	Progressive	31.58	2.8	3.1	17.0	30.72	30.64	26.99
	Travelers	115.83	3.4	16.4	9.4	112.00	99.53	105.85
	WR Berkley	54.69	2.5	0.6	6.7	53.38	54.37	51.26
	XL	38.39	4.4	5.7	11.7	36.76	36.32	34.37
Other	AON	\$94.86	1.9	7.1	0.0	\$93.10	\$88.61	\$94.83
	AIG	62.21	4.9	9.5	11.1	59.31	56.82	56.01
	Assurant	86.29	5.0	9.2	26.1	82.15	79.01	68.43
	Fidelity National	35.61	3.4	0.4	3.4	34.43	35.47	34.45
	Hartford	45.98	1.9	0.4	10.3	45.14	45.78	41.69
	Marsh	55.89	3.2	7.0	(2.4)	54.15	52.22	57.24
Health	Aetna	\$104.43	2.2	(4.6)	17.6	\$102.21	\$109.41	\$88.83
	Cigna	132.17	0.5	(2.1)	28.4	131.57	135.02	102.91
	Humana	167.61	0.1	(6.4)	16.7	167.36	179.00	143.63
	United	112.97	1.4	(2.6)	11.8	111.41	116.01	101.09
Monoline	Assured	\$26.75	0.5	7.0	2.9	\$26.62	\$25.00	\$25.99
	MBIA	6.58	(4.6)	8.2	(31.0)	6.90	6.08	9.54
	MGIC	9.52	1.9	2.8	2.1	9.34	9.26	9.32
	Radian	14.22	1.5	(10.6)	(15.0)	14.01	15.91	16.72
	XL Capital	38.39	4.4	5.7	11.7	36.76	36.32	34.37

November 20, 2015									
Major Market Variables		Close	Change %			Prior			
			Week	QTD	YTD	Week	Quarter	Year	
Dow Jones Ind		17,823.81	3.4	9.5	0.0	17,245.24	16,284.70	17,823.07	
S&P 500		2,089.17	3.3	8.8	1.5	2,023.04	1,920.03	2,058.90	
S&P Financial		331.51	3.1	8.6	(0.5)	321.43	305.33	333.32	
S&P Insurance		317.46	3.2	9.5	3.4	307.69	289.96	307.04	
US Dollar \$			Change %			Prior			
/ Euro	\$1.06		(1.2)	(4.8)	(12.0)	\$1.08	\$1.12	\$1.21	
/ Crude Oil bbl	40.39	(0.8)	(11.0)	(25.0)	40.73	45.40	53.83		
/ Gold oz	1,077.50	(0.5)	(3.4)	(8.8)	1,083.40	1,115.50	1,182.10		
Treasury Ylds %		%	Change bp			%	%	%	
1 Year	0.47	(0.01)	0.16	0.26	0.49	0.32	0.22		
10 Year	2.26	(0.00)	0.22	0.09	2.27	2.04	2.17		
30 Year	3.02	(0.03)	0.16	0.27	3.05	2.86	2.75		
Corp Credit Spreads -bp		CDXIG	Change %			Prior			
	6.12		0.0	(63.4)	(47.7)	6.12	16.71	11.69	
November 20, 2015									
Major Insurer Bond Yields				Weekly Change				YTD	
Company	Coupon	Maturity	Price			Spread over UST		Spread	
			Current	Change	Yield	B.P.	Change	Change	
Life	Ameriprise	5.300%	3/15/2020	\$111.90	\$0.09	2.37%	81	(7)	7
	Genworth	6.515%	5/15/2018	\$100.38	(\$0.25)	6.35%	515	9	78
	Lincoln National	8.750%	7/15/2019	\$121.43	(\$0.01)	2.49%	107	(8)	(8)
	MassMutual	8.875%	6/15/2039	\$147.85	\$1.65	5.29%	250	(2)	56
	MetLife	4.750%	2/15/2021	\$110.50	(\$0.07)	2.58%	79	(2)	3
	New York Life	6.750%	11/15/2039	\$128.57	\$0.88	4.74%	194	(3)	39
	Northwestern Mutual	6.063%	3/15/2040	\$119.78	\$0.78	4.69%	185	(4)	36
	Pacific Life	9.250%	6/15/2039	\$145.86	\$0.46	5.69%	289	(2)	44
	Principal	6.050%	10/15/2036	\$115.73	\$0.68	4.84%	215	3	40
	Prudential	4.500%	11/15/2020	\$108.36	\$0.05	2.69%	98	(6)	(1)
	TIAA	6.850%	12/15/2039	\$124.27	\$1.03	5.09%	226	(6)	60
P&C	ACE INA	5.900%	6/15/2019	\$112.82	\$0.59	2.14%	67	(21)	(17)
	Allstate	7.450%	5/15/2019	\$116.99	(\$0.22)	2.33%	94	4	9
	American Financial	9.875%	6/15/2019	\$122.33	(\$0.59)	3.18%	168	0	23
	Berkshire Hathaway	5.400%	5/15/2018	\$109.32	(\$0.12)	1.54%	41	(6)	1
	Travelers	3.900%	11/15/2020	\$107.00	\$0.03	2.39%	67	(3)	7
	XL Group	6.250%	5/15/2027	\$116.98	\$0.42	4.35%	188	(5)	5
Other	AON	5.000%	9/15/2020	\$110.20	\$0.50	2.74%	102	(10)	6
	AIG	5.850%	1/15/2018	\$108.67	(\$0.16)	1.71%	71	(4)	3
	Hartford	5.500%	3/15/2020	\$111.64	\$0.27	2.65%	108	(8)	9
	Nationwide	9.375%	8/15/2039	\$149.29	\$0.86	5.60%	275	(1)	29
Health	Aetna	3.950%	9/15/2020	\$106.04	\$0.08	2.59%	90	(5)	(3)
	CIGNA	5.125%	6/15/2020	\$109.94	(\$0.27)	2.79%	114	3	20
	United Healthcare	3.875%	10/15/2020	\$106.81	(\$0.00)	2.39%	65	(3)	1
	Wellpoint	4.350%	8/15/2020	\$106.51	(\$0.14)	2.86%	120	4	29

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

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