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Year-End 2014 Foreign Exposure in the U.S. Insurance Industry

Due to macroeconomic trends, expectation of tightening monetary policy and geopolitical unrest, foreign markets have experienced periods of increased volatility since the latter part of 2014. The NAIC Capital Markets Bureau special report titled "Year-end 2013 Foreign Exposure in the U.S. Insurance Industry"—published in September 2014—commented on stagnant growth due to the then current economic and political environment worldwide. Not much has changed in terms of macroeconomic and geopolitical trends since this last report was published.

The crisis in Syria has prompted many to flee the country and head for European borders, thus putting pressure on the finances of many European Union (EU) nations as they try to accommodate the flow. Meanwhile, the election victory by the Socialist Party in Portugal has increased the likelihood that EU-mandated austerity will be scrapped by that country. According to *The Economist*, the Eurozone economies registered overall annualized growth of 1.6% in gross domestic product (GDP) in Q3 2015. There were exceptions, however, as Greek GDP fell 0.1% in the same period. Meanwhile, GDP growth in Asian countries averaged 4% in Q3 2015, which was higher than other regions. In Q2 2015, India's GDP was 7% and China registered 6.9%, but Japan continues to muddle along at 1%. Taiwan was the only Asian country with negative growth in Q3 2015, with a decline in GDP of 0.6%. The economic situation in Canada, Central America and South America has been similar to the rest of the world. For commodity-dependent countries such as Argentina, Brazil, Russia or Venezuela, weak commodity prices are dampening economic activity and growth. A more detailed discussion of the markets and economic activity can be found in the NAIC Capital Markets Bureau special report titled "Capital Markets Update: Fall 2015"—published Nov. 17, 2015.

This special report focuses on the foreign bond and stock exposure of U.S. insurers as of year-end 2014 and is an update to the aforementioned foreign exposure special report published in 2014. In this special report, as in the prior one, foreign exposure is defined as any entity that is domiciled outside of the U.S. This excludes some of the structured securities that are technically domiciled in foreign countries (such as Bermuda, Cayman Islands and Ireland) for legal and tax reasons, but where there is no obvious exposure to the economy of the respective country. Other structured securities where the risk related to the domicile is not so apparent are included as foreign.

Summary of Foreign Exposure of U.S. Insurers

As shown in Table 1, as of year-end 2014, the U.S. insurance industry reported holding total foreign investments of about \$714.4 billion in book/adjusted carrying value (BACV), which accounted for 12.4% of total cash and invested assets. In comparison, as of year-end 2013 (shown in Table 2), the industry's total foreign investments were \$672 billion, accounting for approximately 12% of total cash and invested assets. These foreign holdings included investments in bonds, common stock and preferred stock. Exposure to Canada and European Union (EU) countries decreased to 56% as of year-end 2014 from more than 60% of the foreign exposure in 2013. Also in 2014, approximately \$115 billion (or 16%) of foreign investments were denominated in a foreign currency. Foreign currency exposure is translated and reported in U.S.

dollars as per *Statement of Statutory Accounting Principles No. 23 (SSAP) - Foreign Currency Transactions and Translations*. The Japanese yen accounted for the largest portion at about \$39.8 billion, followed by Canadian dollar denominated investments (\$21.3 billion), the euro (\$8.8 billion), and the British pound (\$8.3 billion).

Table 1: 2014 Foreign Holdings Summary (\$ Mil.)

Industry	Foreign Bonds	Foreign Bond Exposure as Pct of Total Bond Exposure	Foreign Stock	Foreign Stock Exposure as Pct of Total Stock Exposure	Industry Total	Foreign Bond and Foreign Stock Exposure as Pct of Total Bond and Total Stock Exposure
Life	550,087	15%	12,856	8%	562,944	20%
P/C	97,973	6%	31,226	6%	129,198	9%
Fraternal	13,186	11%	260	7%	13,446	14%
Health	7,335	4%	935	3%	8,270	6%
Title	512	6%	36	2%	548	8%
Total	669,093	12%	45,313	6%	714,406	16%

Table 2: 2013 Foreign Holdings Summary (\$ Mil.)

Industry	Foreign Bonds	Foreign Bond Exposure as Pct of Total Bond Exposure	Foreign Stock	Foreign Stock Exposure as Pct of Total Stock Exposure	Industry Total	Foreign Bond and Foreign Stock Exposure as Pct of Total Bond and Total Stock Exposure
Life	518,214	20%	13,383	8%	531,597	19%
Property/Casualty	95,941	10%	25,595	5%	121,536	8%
Fraternal	13,002	14%	288	8%	13,290	14%
Health	4,353	5%	718	2%	5,071	4%
Title	473	9%	131	7%	604	9%
Total	631,983	17%	40,115	6%	672,098	15%

The bulk of the industry's foreign investments were in bonds; at year-end 2014 total foreign bonds were \$669.1 billion compared to \$631.9 billion at year-end 2013. As a percentage of total foreign investments, foreign bonds remained unchanged year over year (YOY) at about 94%. Life companies in particular increased foreign bond exposure by 4% YOY, to \$550.1 billion (or 82% of total industry foreign bond exposure) at year-end 2014 from \$518.2 billion at year-end 2013. Despite the increase in BACV of foreign bonds held by life companies, their exposure as a percentage of total foreign bonds decreased. About \$14 billion of the \$32 billion increase in BACV was due to accounting adjustments such as unrealized valuation gains and foreign exchange, with the balance attributable to net acquisition of foreign bonds. Overall, total foreign exposure for the U.S. insurance industry increased by about \$42.3 billion (or 6%) from year-end 2013. The BACV of P/C common stock exposure increased \$5.6 billion to \$31 billion at year-end 2014. Net accounting adjustments (including unrealized valuation gains) represented \$1 billion of the increase with \$4 billion due to net acquisition.

U.S. Insurer Exposure to Foreign Bonds

As shown in Table 3 and Table 4, the U.S. insurance industry's largest foreign sector exposure continued to be financials at \$90.6 billion (14% of total foreign bond exposure) in 2014 compared to \$95.7 billion (15% of total foreign bond exposure) at year-end 2013. The BACV of government bonds decreased 9% from 2013 to 2014, following a 10% decline the year prior. The largest decline in country exposure from 2013 to 2014 occurred with Japanese bonds, which decreased by \$3.6 billion, followed by a \$2.4 billion decrease in Canadian sovereign debt and a \$443 million decrease in Brazilian sovereign debt. Exposure to "other" sectors (i.e., corporates) increased 11%, from \$451.9 billion in 2013 to \$501.5 billion in 2014, while exposure to sovereign bonds (i.e., government) decreased from \$84.3 billion to about \$77 billion. The decrease in sovereign (government) debt exposure may reflect uncertainty regarding political stability and monetary policy in certain countries, which in turn may be interconnected with the decrease in financial sector exposure. Thus, perhaps for yield purposes, insurers increased exposure to "other" foreign sectors (i.e., corporate bonds).

Table 3: 2014 Total Foreign Bond Exposure by Sector (\$ Mil.)

Industry	Financial	Government	Other	Industry Total	Industry Total/Total (%)
Life	63,747	54,394	431,946	550,087	82%
P/C	22,350	20,884	54,738	97,973	15%
Fraternal	1,786	1,060	10,341	13,186	2%
Health	2,578	442	4,315	7,335	1%
Title	98	216	198	512	0%
Sector Total	90,560	76,996	501,537	669,093	100%

Table 4: 2013 Total Foreign Bond Exposure by Sector (\$ Mil.)

Industry	Financial	Government	Other	Industry Total	Industry Total/Total (%)
Life	67,561	58,069	392,584	518,214	82%
Property/Casualty	24,481	24,647	46,812	95,941	15%
Fraternal	1,979	1,124	9,900	13,002	2%
Health	1,636	295	2,422	4,353	1%
Title	84	211	178	473	0%
Total	95,741	84,347	451,895	631,983	100%

Largest Foreign Country Bond Exposures

The proportion of foreign bond holdings allocated to the 10 largest country exposures increased from \$494.2 billion in 2013 (78% of foreign bond exposure) to \$534 billion at year-end 2014 (80% of foreign bond exposure) as shown in Table 5 and Table 6. Canada and United Kingdom (UK) remain the largest two single country exposures at about 19% and 15% of total foreign bond exposure, respectively, as of year-end 2014. Mexico replaced Bermuda in the top 10 for year-end 2014, accounting for 2% of total foreign bond holdings.

Table 5: 2014 10 Largest Foreign Bond Exposures by Country (\$ Mil.)

Country	Financial	Government	Other	Country Total	Country Total/Total (%)
Canada	17,237	22,115	86,215	125,567	19%
United Kingdom	16,085	1,593	82,394	100,072	15%
Cayman Islands	4,268	250	81,364	85,881	13%
Australia	8,908	696	45,042	54,647	8%
Netherlands	7,157	70	38,628	45,855	7%
Japan	4,041	26,411	14,053	44,506	7%
France	4,854	127	24,613	29,593	4%
Luxembourg	617	152	19,156	19,925	3%
Ireland	1,675	48	12,612	14,336	2%
Mexico	589	1,547	11,938	14,075	2%
Total	65,431	53,009	416,015	534,455	80%
Sector Total/Total (%)	12%	10%	78%	100%	

Table 6: 2013 10 Largest Foreign Bond Exposures by Country (\$ Mil.)

Country	Financial	Government	Other	Country Total	Country Total/Total (%)
Canada	18,145	24,535	85,494	128,174	20%
United Kingdom	16,343	1,226	84,218	101,787	16%
Australia	9,976	802	46,106	56,884	9%
Netherlands	7,916	101	41,645	49,662	8%
Japan	3,393	29,602	12,074	45,069	7%
Cayman Islands	5,269	182	28,000	33,451	5%
France	5,077	213	25,518	30,808	5%
Luxembourg	862	200	18,552	19,614	3%
Ireland	1,990	62	12,689	14,741	2%
Bermuda	2,146	374	11,542	14,062	2%
Total	71,117	57,297	365,838	494,252	78%
Sector Total/Total (%)	14%	12%	74%	100%	

Although the insurance industry's concentration of foreign investments remains in larger and relatively "safe" countries, the rating distribution has changed. The number of AAA-rated sovereigns held by U.S. insurers has declined over (at least) the last couple of years. As of year-end 2012, six of the 10 largest country exposures had the highest quality long-term sovereign debt ratings (i.e., AAA/Aaa) from the nationally recognized statistical ratings organizations (NRSROs). The remaining four countries had high-quality long-term sovereign debt ratings in the AA category. As of year-end 2013, there were four AAA-rated countries: Australia, Canada, Luxembourg and the UK. As of November 2015, only three of the 10 largest countries (Australia, Canada and Luxembourg) were rated AAA by Fitch Ratings (Fitch) and Standard & Poor's (S&P), and Aaa by Moody's Investor Service (Moody's). The UK is currently rated AA+ by Fitch, AAA by S&P and Aa1 by Moody's. Notwithstanding, the rating concentration for the 10 largest country exposures at year-end 2014 was all at least investment grade; as of November 2015, Ireland and Mexico accounted for the lowest ratings at BBB+ by Fitch and S&P and A3 by Moody's.

Also as shown in Table 5 and Table 6, sector allocations among the 10 largest country exposures have shifted slightly, with government bonds decreasing to about 30% of total foreign bond investments (or \$53 billion), from 35% in 2013. Central bank continued attempts at reviving their economies by pushing rates to zero, or near zero, pushed U.S. insurers to shift from low yielding government bonds to higher yielding sectors.

In addition to the 10 largest foreign country exposures, the insurance industry reported foreign bonds in Central America and South America at about \$18.5 billion at year-end 2014—a slight increase from \$18 billion from year-end 2013. Chile (Aa3) accounted for \$6.9 billion (or 37%) of the Central American and South American exposure. Economic growth prospects in this region remains anemic for countries like Argentina (Caa1), Brazil (Baa3) and Venezuela (Caa3) due to weak worldwide demand for commodities and internal political uncertainty. As of year-end 2014, U.S. insurer exposure to Argentina (\$110 million), Brazil (\$3.3 billion) and Venezuela (\$1.3 billion) was \$4.7 billion total, or 26% of Central and South American exposure. However, as a percentage of the industry's total bond exposure and total cash and invested assets, the exposure is less than 1% in both cases. U.S. insurers reported \$376 million in BACV of bonds domiciled in China and an additional \$605 million domiciled in Hong Kong. The designation of the Yuan as a reserve currency by the International Monetary Fund (IMF) is a positive for China even after its recent devaluation in August 2015. A reserve currency is a currency held for making payment in international transactions. Reserve currency valuations are based on market demand and less likely due to government manipulation. The Russian economy is hampered by economic sanctions and continued low oil prices. However, the risk to U.S. insurers is insignificant given Russian bond exposure is less than 1% of total foreign bond exposure.

In an environment where most central banks have kept rates at or close to zero, the shift from financial and government sectors to “other” reflects market desire for higher yielding assets as discussed in the NAIC Capital Markets Bureau special report titled “Are Insurers Reaching for Yield in the Low Interest Rate Environment?”—published in July 2015.

European Union Bond Exposure

Table 7 and Table 8 show a category breakdown (i.e., financial, government and other) of the insurance industry’s exposure to EU countries, particularly the Eurozone, as of year-end 2014 and year-end 2013, respectively. The percentage of foreign bond holdings concentrated in EU countries decreased by 4% at year-end 2014 to about \$246 billion (37% of total foreign bond holdings) from \$256 billion as of year-end 2013 (40% of foreign bond holdings). Most EU investments were within the “other” bond category, at 82% of total EU bond exposure. Furthermore, exposure to countries under the euro currency (Eurozone) decreased slightly to \$132 billion in 2014 from \$139 billion in 2013. Exposure to Greek corporate bonds continued to decline from \$50 million in 2012, to \$49 million in 2013, to only \$18 million as of year-end 2014 as the Greek prime minister sought a restructuring of sovereign debt and weakening of EU-imposed austerity measures in 2014.

Table 7: 2014 Bond Exposure to EU Countries by Sector (\$ Mil.)

Country Name	Financial	Government	Other	Country Total	Country Total/Total (%)
Netherlands	7,172	73	38,610	45,855	19%
France	4,923	132	24,539	29,593	12%
Luxembourg	620	153	19,152	19,925	8%
Ireland	1,675	48	12,612	14,336	6%
Germany	3,230	204	7,240	10,674	4%
Spain	464	106	3,119	3,690	1%
Belgium	-	9	2,948	2,957	1%
Italy	414	260	1,676	2,351	1%
Finland	19	104	1,392	1,515	1%
Austria	225	4	801	1,030	0%
Slovenia	-	130	-	130	0%
Latvia	-	115	1	117	0%
Slovakia	-	100	0	101	0%
Malta	-	-	66	66	0%
Greece	-	0	18	18	0%
Portugal	-	4	4	8	0%
Total Eurozone	18,743	1,444	112,179	132,366	54%
Other EU Members	75,141	4,218	34,442	113,801	46%
Total European Union	39,046	5,662	201,460	246,167	100.0%

Table 8: 2013 Bond Exposure to EU Countries by Category (\$ Mil.)

Country Name	Financial	Government	Other	Country Total	Country Total/EU Total (%)
Netherlands	7,916	101	41,645	49,662	19%
France	5,077	213	25,518	30,807	12%
Luxembourg	862	200	18,552	19,614	8%
Ireland	1,990	62	12,689	14,742	6%
Germany	3,168	204	8,381	11,753	5%
Spain	541	140	2,963	3,644	1%
Belgium	2	9	3,028	3,039	1%
Italy	224	247	1,870	2,340	1%
Finland	21	65	1,765	1,851	1%
Austria	333	14	961	1,309	1%
Portugal	0	3	102	105	0%
Latvia	0	101	0	101	0%
Slovakia	0	96	0	96	0%
Slovenia	0	65	6	71	0%
Malta	0	0	67	67	0%
Greece	0	0	49	49	0%
Total Eurozone	20,134	1,521	117,595	139,250	54%
Other EU Members	21,624	3,917	90,941	116,482	46%
Total European Union	41,758	5,439	208,536	255,732	100%

Note: The EU is comprised of 27 member states. The Eurozone consists of 17 member states that use the euro as their sole currency. The 10 other EU members do not use the euro as their currency.

Foreign Common Stock and Preferred Stock Exposure

In 2014, U.S. insurers increased overall foreign stock exposure by 13%, YOY, to about \$45 billion. Much of the industry's foreign common stock YOY increase (which was 6.3% more than 2013 reported exposure) mimics the 6.6% total return registered by the Euro Stoxx 50 Index in 2014, which consists of 50 blue chip stocks from 12 Eurozone countries. The proportion of common versus preferred stock exposure as of year-end 2014 totaled about \$40.7 billion and \$4.6 billion, respectively. In both 2014 and 2013, P/C insurers accounted for the largest proportion of the industry's foreign stock investments, reporting an increased share of total foreign stock held by all insurers at 69% (or \$31.2 billion) from 64%, or \$25.6 billion at year-end 2013. Life companies held about 28% of total insurer foreign stock exposure at year-end 2014, or \$12.9 billion, representing a decrease from 33% (or \$13.3 billion) in 2013. (See Table 9 and Table 10).

Table 9: 2014 Foreign Stock Exposure by Industry Type (\$ Mil.)

Industry	Preferred	Common	Industry Total	Industry Total/Total (%)
P/C	3,082	28,144	31,226	69%
Life	1,474	11,382	12,856	28%
Health	13	922	935	2%
Fraternal	43	217	260	1%
Title	36	-	36	0%
Total	4,648	40,665	45,313	100%

Table 10: 2013 Foreign Stock Exposure by Industry Type (\$ Mil.)

Industry	Preferred	Common	Industry Total	Industry Total/Total (%)
P/C	382	25,213	25,595	64%
Life	1,402	11,982	13,383	33%
Health	4	714	718	2%
Franternal	49	239	288	1%
Title	39	92	131	0%
Total	1,876	38,239	40,115	100%

The 10 largest countries' exposure to foreign stocks accounted for 84% of total foreign stock exposure held by U.S. insurers as of year-end 2014 (totaling approximately \$38 billion), compared to 83% as of year-end 2013 (totaling approximately \$33 billion) as shown in Table 11 and Table 12. By country, the UK accounted for the largest proportion at 31% of total stock exposure (or \$13.9 billion) in 2014, a small decrease in percentage terms from 2013 (35% of total stock exposure). Consistent with 2013, the second, third and fourth largest foreign stock exposures in 2014 were to companies based in Canada, China and Switzerland; however, Ireland replaced Bermuda as the fifth largest exposure at year-end 2014. Affiliated foreign stock investments were about 32% of total foreign stock exposure, or \$1.6 billion, of the investments domiciled in Ireland and Bermuda. The Chinese stock market was volatile in 2015 and has continued thus far in 2016; China stock trading was halted half an hour after trading opened on Jan. 6, 2016. The volatility stems from investor concern about the overall health of the Chinese economy. About \$4.5 billion of total foreign stock exposures were companies domiciled in emerging market countries comprising the MSCI Emerging Markets Index in 2014. As of year-end 2014 total foreign stock exposure decreased from 2013 levels in Russia (68% decrease), Venezuela (81% decrease), Brazil (13% decrease) and Spain (35% decrease) but increased in Argentina (6% increase), Ireland (20%) and Greece (459%; note the increase in Greece appears significantly large because it is from a base of only \$47 million) (shown in Table 13).

Table 11: 2014 10 Largest Foreign Stock Exposures by Country (\$ Mil.)

Country	Preferred	Common	Country Total	Country Total/Total (%)
United Kingdom	355	13,602	13,957	31%
Canada	2,833	4,213	7,046	16%
China	-	3,287	3,287	7%
Switzerland	4	2,688	2,692	6%
Ireland	-	2,503	2,503	6%
Cayman Islands	972	1,504	2,475	5%
Bermuda	223	2,105	2,327	5%
Netherlands	92	1,537	1,629	4%
Japan	-	1,184	1,184	3%
Germany	12	976	988	2%
Total	4,491	33,598	38,089	84%

Table 12: 2013 10 Largest Foreign Stock Exposures by Country (\$ Mil.)

Country	Preferred	Common	Country Total	Country Total/Total (%)
United Kingdom	326	13,553	13,879	35%
Canada	107	3,678	3,785	9%
China	0	2,966	2,966	7%
Switzerland	1	2,700	2,701	7%
Bermuda	276	1,894	2,170	5%
Ireland	0	2,085	2,085	5%
Cayman Islands	956	981	1,937	5%
Netherlands	108	1,615	1,723	4%
France	0	1,118	1,118	3%
Japan	0	895	895	2%
Total	1,774	31,485	33,259	83%

As of year-end 2014, EU stock exposure was \$21.7 billion, or 57% of total foreign stock exposure, compared to 48% of total foreign stock exposure as of year-end 2013. The three largest EU foreign stock exposures in 2014 included the UK as the largest (64%), followed by Ireland (\$2.5 billion, or 12%) and the Netherlands (\$1.6 billion, or 7%).

Table 13: 2014 Stock Exposure to EU Countries by Category (\$ Mil.)

Country Name	Preferred	Common	Country Total	Country Total/Total (%)
United Kingdom	355	13,602	13,957	64%
Ireland	-	2,503	2,503	12%
Netherlands	92	1,537	1,629	7%
Germany	12	976	988	5%
France	-	835	835	4%
Denmark	-	420	420	2%
Luxembourg	24	396	420	2%
Greece	-	265	265	1%
Sweden	17	242	259	1%
Spain	4	142	146	1%
Belgium	-	144	144	1%
Italy	-	122	122	1%
Finland	-	33	33	0%
Austria	-	6	6	0%
Portugal	-	4	4	0%
Hungary	-	1	1	0%
Poland	-	1	1	0%
Total	504	21,228	21,732	100%

Summary

As of year-end 2014, the BACV of total foreign investments for the U.S. insurance industry increased \$42 billion (from year-end 2013) to \$714 billion, or 12.4% of the insurance industry's total cash and invested assets; this follows a \$22 billion increase from 2012 to 2013. The bond

allocation to EU countries and Canada decreased to 56% at year-end 2014 from more than 60% in 2013. Foreign stock domiciled in Canada and EU countries was 64% of foreign stock exposure, representing a slight increase from 63% at year-end 2013.

Despite the Argentinian default in July 2014, turmoil between Russia and Ukraine, and continued war in the Middle East, BACV of U.S. insurer foreign bond and stock exposure increased from 2013 to 2014. This may be due in part to a reach for yield, as well as geopolitical factors. Exposure to government and financial sector bonds decreased, while exposure to “other” sectors (i.e., corporates) increased. A decrease in sovereign (government) debt exposure may reflect uncertainty regarding government stability in certain countries, which in turn may be interconnected with the decrease in financial sector exposure. Thus, perhaps for yield purposes, insurers increased exposure to “other” foreign sectors (i.e., corporate bonds). Nevertheless, the U.S. insurance industry’s foreign exposure was 12.4% of total cash and invested assets at year-end 2014—relatively consistent with the year prior—and mainly included high-quality (lower risk) countries and securities.

The NAIC Capital Markets Bureau will continue to monitor the insurance industry’s foreign exposure, as well as developments within the aforementioned regions that could affect these exposures. We will provide updates as deemed appropriate.

January 15, 2016								
Major Insurer Share Prices		Close	Change %			Prior		
			Week	QTD	YTD	Week	Quarter	Year
Life	Aflac	\$56.61	(0.2)	(5.5)	(5.5)	\$56.71	\$59.90	\$59.90
	Ameriprise	92.83	(2.2)	(12.8)	(12.8)	94.94	106.42	106.42
	Genworth	2.48	(19.7)	(33.5)	(33.5)	3.09	3.73	3.73
	Lincoln	40.42	(8.6)	(19.6)	(19.6)	44.24	50.26	50.26
	MetLife	43.08	2.5	(10.6)	(10.6)	42.03	48.21	48.21
	Principal	37.91	(5.6)	(15.7)	(15.7)	40.14	44.98	44.98
	Prudential	70.17	(3.9)	(13.8)	(13.8)	73.05	81.41	81.41
	UNUM	28.42	(6.6)	(14.6)	(14.6)	30.42	33.29	33.29
PC	ACE	\$111.02	1.0	(5.0)	(5.0)	\$109.96	\$116.85	\$116.85
	Axis Capital	54.20	(0.9)	(3.6)	(3.6)	54.68	56.22	56.22
	Allstate	58.13	(0.2)	(6.4)	(6.4)	58.23	62.09	62.09
	Arch Capital	66.48	(2.8)	(4.7)	(4.7)	68.42	69.75	69.75
	Cincinnati	55.13	(0.7)	(6.8)	(6.8)	55.53	59.17	59.17
	Chubb	109.38	(15.0)	(17.5)	(17.5)	128.67	132.64	132.64
	Everest Re	173.21	(1.1)	(5.4)	(5.4)	175.09	183.09	183.09
	Progressive	29.91	(0.6)	(5.9)	(5.9)	30.08	31.80	31.80
	Travelers	105.10	(0.8)	(6.9)	(6.9)	105.99	112.86	112.86
	WR Berkley	49.24	(5.3)	(10.1)	(10.1)	52.01	54.75	54.75
	XL	35.50	(2.6)	(9.4)	(9.4)	36.45	39.18	39.18
Other	AON	\$86.09	(1.1)	(6.6)	(6.6)	\$87.02	\$92.21	\$92.21
	AIG	56.09	(2.4)	(9.5)	(9.5)	57.45	61.97	61.97
	Assurant	78.27	2.9	(2.8)	(2.8)	76.07	80.54	80.54
	Fidelity National	31.80	(1.6)	(8.3)	(8.3)	32.33	34.67	34.67
	Hartford	39.08	(3.9)	(10.1)	(10.1)	40.65	43.46	43.46
	Marsh	52.21	(1.4)	(5.8)	(5.8)	52.95	55.45	55.45
Health	Aetna	\$105.04	(1.9)	(2.8)	(2.8)	\$107.07	\$108.12	\$108.12
	Cigna	136.23	(1.8)	(6.9)	(6.9)	138.74	146.33	146.33
	Humana	162.16	(6.2)	(9.2)	(9.2)	172.91	178.51	178.51
	United	109.27	(0.8)	(7.1)	(7.1)	110.16	117.64	117.64
Monoline	Assured	\$24.42	(2.1)	(7.6)	(7.6)	\$24.94	\$26.43	\$26.43
	MBIA	6.26	(0.5)	(3.4)	(3.4)	6.29	6.48	6.48
	MGIC	7.41	(6.1)	(16.1)	(16.1)	7.89	8.83	8.83
	Radian	11.40	(4.3)	(14.9)	(14.9)	11.91	13.39	13.39
	XL Capital	35.50	(2.6)	(9.4)	(9.4)	36.45	39.18	39.18

January 15, 2016									
Major Market Variables		Close	Change %			Prior			
			Week	QTD	YTD	Week	Quarter	Year	
Dow Jones Ind		15,988.08	(2.2)	(8.2)	(8.2)	16,346.45	17,425.03	17,425.03	
S&P 500		1,880.29	(2.2)	(8.0)	(8.0)	1,922.03	2,043.94	2,043.94	
S&P Financial		288.65	(3.1)	(10.3)	(10.3)	297.76	321.73	321.73	
S&P Insurance		280.78	(1.5)	(8.8)	(8.8)	285.15	307.71	307.71	
US Dollar \$			Change %			Prior			
/ Euro	\$1.09		(0.1)	0.4	0.4	\$1.09	\$1.09	\$1.09	
/ Crude Oil bbl	29.64		(10.0)	(20.1)	(20.1)	32.92	37.09	37.09	
/ Gold oz	1,088.80		(1.3)	2.8	2.8	1,103.10	1,059.60	1,059.60	
Treasury Ylds %		%	Change bp			%	%	%	
1 Year	0.47		(0.15)	(0.13)	(0.13)	0.62	0.60	0.60	
10 Year	2.03		(0.08)	(0.24)	(0.24)	2.12	2.27	2.27	
30 Year	2.81		(0.10)	(0.21)	(0.21)	2.91	3.02	3.02	
Corp Credit Spreads -bp			Change %			Prior			
CDX.IG	30.69		13.7	19.3	19.3	26.99	25.72	25.72	
January 15, 2016									
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	\$111.70	\$0.15	2.33%	95	3	1
	Genworth	6.515%	5/15/2018	\$86.50	(\$9.81)	13.43%	1,235	540	624
	Lincoln National	8.750%	7/15/2019	\$120.88	\$0.31	2.40%	119	(2)	1
	MassMutual	8.875%	6/15/2039	\$151.02	\$2.22	5.11%	254	(3)	(1)
	MetLife	4.750%	2/15/2021	\$110.86	\$0.15	2.45%	96	8	7
	New York Life	6.750%	11/15/2039	\$130.27	\$0.53	4.64%	204	11	11
	Northwestern Mutual	6.063%	3/15/2040	\$121.84	\$1.20	4.56%	193	4	12
	Pacific Life	9.250%	6/15/2039	\$149.08	\$2.48	5.50%	286	(5)	(2)
	Principal	6.050%	10/15/2036	\$117.60	\$1.19	4.71%	217	1	9
	Prudential	4.500%	11/15/2020	\$108.76	\$1.40	2.55%	99	(26)	(10)
TIAA	6.850%	12/15/2039	\$127.66	\$2.02	4.88%	228	(3)	1	
P&C	ACE INA	5.900%	6/15/2019	\$112.94	\$0.04	1.95%	72	3	(10)
	Allstate	7.450%	5/15/2019	\$116.71	\$0.29	2.20%	92	(1)	(6)
	American Financial	9.875%	6/15/2019	\$122.18	\$0.39	2.97%	156	(17)	(22)
	Berkshire Hathaway	5.400%	5/15/2018	\$109.33	\$0.20	1.30%	33	(3)	(10)
	Travelers	3.900%	11/15/2020	\$107.60	\$0.46	2.21%	73	1	1
	XL Group	6.250%	5/15/2027	\$117.95	\$0.53	4.24%	207	8	11
Other	AON	5.000%	9/15/2020	\$110.81	\$0.42	2.54%	105	6	1
	AIG	5.850%	1/15/2018	\$108.04	\$0.07	1.72%	82	4	(4)
	Hartford	5.500%	3/15/2020	\$111.00	\$0.07	2.71%	133	7	17
	Nationwide	9.375%	8/15/2039	\$149.58	(\$0.17)	5.57%	297	14	15
Health	Aetna	3.950%	9/15/2020	\$106.75	\$0.33	2.39%	95	1	(1)
	CIGNA	5.125%	6/15/2020	\$110.40	\$0.45	2.61%	121	(1)	0
	United Healthcare	3.875%	10/15/2020	\$107.15	\$0.25	2.27%	76	5	5
	Wellpoint	4.350%	8/15/2020	\$107.15	\$0.51	2.68%	123	(3)	2

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

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