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**

Year-End 2016 Emerging Market Exposure in the U.S. Insurance Industry

Although there is no universal definition for what constitutes emerging market countries, the International Monetary Fund (IMF) defines non-advanced economies as emerging market and developing economies (EM). As economic conditions change, emerging market economies can include those that might have been considered developed markets in the past, such as Greece. Per the IMF, EM countries are included among five regions: Asia, Europe, Latin America and the Caribbean, Middle East and North Africa, and Sub-Saharan Africa, with the seven largest emerging market economies currently identified as China, India, Brazil, Russia, Mexico, Indonesia and Turkey.

The U.S. insurance industry's EM bond and unaffiliated stock exposure with a book/adjusted carrying value (BACV) of $46.8 billion, as of year-end 2016, has remained below 1% of U.S. insurer total cash and invested assets. This special report updates the NAIC Capital Markets Bureau's special report titled "U.S. Insurance Industry Exposure to Emerging Markets," which was published on Feb. 14, 2014. It includes an update on U.S. insurer exposure to emerging market investments, as well as an update on the market outlook and bond and equity performance in EM economies. Note that countries deemed to be emerging markets may change year to year, as economies expand or shrink. Had all the countries included in the previously published special report been included as EM countries in this NAIC Capital Markets Bureau special report update, the total U.S. insurance industry investment in EM would have been approximately $40 billion in BACV (versus the BACV of $46.8 billion shown in Table 1).

Current Emerging Markets Economic Conditions and Outlook

The IMF World Economic Outlook (WEO), as of October 2016, projected 2016 gross domestic product (GDP) growth of 3.1% worldwide, which took into account the potential downside impact from the United Kingdom (UK) exiting the European Union (Brexit). For all EM regions, the IMF forecasted GDP growth in 2017 to be 4.6%. As with 2016, EM economies within Asia are expected to lead GDP growth in 2017, reaching 6.3%, albeit, slightly lower than its aforementioned 2016 growth. GDP growth of 1.6% in 2017 is expected in EM countries within Latin America and the Caribbean, mainly due to: 1) Brazil exiting recession and continued improvement in commodity prices (compared to -0.6% in 2016); and 2) Sub-Saharan Africa, with an estimated GDP growth of 2.9% in 2017, and also driven by improving commodity prices in commodity exporting countries such as South Africa (compared to 1.4% in 2016).

Moody's Investors Service (Moody's) in its 2017 Sovereign Outlook, published on Nov. 14, 2016, indicated that while oil and iron ore prices have generally recovered, other commodity prices remain low, putting continued pressure on producer countries, such as Russia and Venezuela. GDP growth in EM commodity importing countries, such as India and Turkey, was above 5.5% from 2014 to 2016 and is expected to remain near that level through 2019. GDP growth in commodity exporting countries was about 2% in 2014 and less than 1% in 2015 and 2016. GDP growth is forecasted to be at or above 2% from 2017 through 2019, according to the World Bank Group for commodity exporters. Moody's forecast of "slightly stronger growth in 2017" is mostly due to Brazil (rated Ba2, Outlook: negative), Russia (rated Ba1, Outlook:

negative) and Argentina (rated B3, Outlook: stable) exiting recession, and not because of a broad-based acceleration in GDP growth in EM economies.

U.S. Insurer Exposure to EM Investments

Within the U.S. insurance industry's total EM exposure, sovereign and corporate bonds accounted for about 97% of total EM investments (or $45.6 billion), with EM unaffiliated stocks accounting for the 3% remainder. EM sovereign bond exposure was $13.7 billion, while corporate bonds accounted for $31.9 billion as of year-end 2016. Life companies accounted for about 86% of the U.S. insurance industry's total EM investments at year-end 2016.

Table 1: U.S. Insurance Industry Exposure to EM Bond and Unaffiliated Stock Investments as of Year-End 2016 ($ Mil. BACV)

Country	Life	P/C	Other	Total	Pct of Total
Mexico	11,973	2,328	497	14,798	32%
Chile	5,876	578	75	6,529	14%
Indonesia	2,078	324	17	2,419	5%
Peru	1,991	269	14	2,274	5%
Colombia	1,891	350	32	2,273	5%
Turkey	1,879	162	13	2,055	4%
India	1,707	124	34	1,865	4%
Brazil	1,527	208	34	1,770	4%
South Africa	1,382	184	7	1,572	3%
Qatar	1,424	91	44	1,559	3%
United Arab Emirates	1,367	143	17	1,526	3%
Malaysia	1,155	130	16	1,301	3%
Poland	1,091	146	27	1,264	3%
China	470	530	13	1,013	2%
Venezuela	674	181	25	880	2%
Philippines	523	105	1	629	1%
Hungary	392	161	8	560	1%
Czech Republic	535	21	-	556	1%
Argentina	276	175	6	457	1%
Thailand	399	23	3	425	1%
Romania	325	95	3	422	1%
Russia	369	37	3	410	1%
Greece	0	160	0	160	0%
Taiwan	6	44	7	57	0%
Ukraine	13	21	1	35	0%
Pakistan	19	5	-	24	0%
Total	**39,342**	**6,595**	**897**	**46,833**	**100%**
Pct of Total	84%	14%	2%	100%	

<u>Mexico</u>

Mexico was the largest EM country exposure in 2016, at 32% of total EM investments. For the one-year period ended April 10, 2017, the value of the peso against the U.S. dollar (USD) ranged from a low of 17.05 in Q2 2016 to 22.04 in Q1 2017. The largest decline against the

USD occurred from Nov. 8, 2016, to Nov. 11, 2016, where the peso fell 14% against the USD. (See Chart 1.) Much of the volatility in the peso came from pronouncements from President Donald Trump regarding a renegotiation of the North American Free Trade Agreement (NAFTA) and the potential imposition of a border tax on exports from Mexico.

Chart 1: U.S. Dollar-Peso Spot Exchange Rate May 2016 to April 2017

Mexico has a diverse economy with low reliance on commodity exports and high linkage to U.S. economic activity. High linkage to the U.S. economy produced positive GDP growth in Mexico, while other Latin American economies shrank in 2016. The World Bank Group and IMF have forecasted 2017 Mexico GDP growth to be 1.8%, slightly lower than the 2% 2016 estimate.

The long-term sovereign debt of Mexico is rated A3 with a Negative Outlook by Moody's and BBB+ with a Negative Outlook by Standard & Poor's (S&P); a rating agency "Outlook" is an opinion on the likely direction of a rating. Long-term ratings are assigned to obligations with an original maturity date of at least one-year. A negative outlook indicates a possible rating downgrade within 12 months.

Chile

Chile, a leading producer of copper, experienced economic deceleration coming out of 2013 due to depressed commodity prices in 2014 and 2015. GDP growth fell to 1.7% in 2014 from 4.2% in 2013. But unlike the price decline in oil, the price decline in copper was shorter lived. Following declines of 12% and 24% in 2014 and 2015, respectively, copper prices appreciated 20% in 2016. The rebound in copper prices contributed towards GDP growth in Chile, reaching 2.9% in 2015 and 3.8% in 2016.

The political system in Chile is stable, with elections slated for November 2017. Ricardo Lagos, presidential candidate (and former president from 2000–2006), is promising to boost GDP growth through infrastructure spending to its previous average of 3.8% under his leadership. Meanwhile, the current president Michelle Bachelet's tax reform lowered tax burdens on individuals while raising the tax burden on corporations, with the hopes of increasing consumer demand.

The long-term sovereign debt of Chile is rated Aa3 with a Stable Outlook by Moody's and AA- with a Negative Outlook by S&P.

Indonesia

Indonesia accounted for the U.S. insurance industry's third largest EM exposure at about 5% of total EM investments at year-end 2016 (and it was the industry's fourth largest EM exposure at year-end 2015). Indonesia, with a population of 250 million as of 2016, is an oil exporting country, with oil and other commodities accounting for 23% (or $34.7 billion) of its total exports in 2015. Indonesia experienced GDP growth of 4.8% in 2015, rising to 5.1% in 2016, with projections of 5.3% in 2017. In 2014, Indonesia implemented a ban on the export of unprocessed minerals to stimulate a domestic processing industry; because of the increasing GDP growth, a relaxation of the ban was implemented in 2015, and it continues into 2017. By processing these raw minerals rather than exporting them, Indonesia is able to increase employment in the processing industry and export higher value-added commodities.

The long-term sovereign debt of Indonesia is rated Baa3 with a Positive Outlook by Moody's and BB+ with a Positive Outlook by S&P.

China

China dropped from the fifth largest exposure with a BACV of $2.3 billion at year-end 2015 to fourteenth at year-end 2016 with a BACV of $1 billion. The decrease in BACV was mainly due to dispositions of Chinese equity by property/casualty (P/C) insurers.

GDP growth in China slowed each year, beginning with 7.3% in 2014, down to 6.7% in 2016 and expected 6.3% GDP growth in 2017. Divergence is evident in different parts of the Chinese economy, such as industrial companies, which have suffered large slowdowns, while service companies experienced growth. The divergence is mainly attributed to government policies intended to lessen the Chinese economy's reliance on exports. The economic slowdown, followed by a weakening yuan, resulted in $725 billion in capital outflows from China in 2016. By year-end 2016, outflows were reduced to $900 million per month from an average of $25.8 billion per month in 2015.

The long-term sovereign debt of China is rated Aa3 with a Negative Outlook by Moody's and AA- with a Negative Outlook by S&P.

U.S. Insurer Exposure to EM Bonds

As of year-end 2016, U.S. insurers reported total EM bond exposure of $45.6 billion in BACV (see Table 2), 1% lower than 2015 and 5% lower than 2014. Government bonds accounted for 30%, or $13.7 billion, of total EM bond exposure, with corporate bonds accounting for the remainder.

Table 2: U.S. Insurance Industry Exposure to EM Bond as of Year-End 2016 ($ Mil. BACV)

Country	Government	Corporate	Total
Mexico	1,800	12,977	14,776
Chile	541	5,986	6,527
Indonesia	1,391	1,003	2,394
Peru	689	1,584	2,273
Colombia	982	1,290	2,272
Turkey	891	1,155	2,046
India	15	1,811	1,827
Brazil	618	1,091	1,709
Qatar	868	691	1,559
South Africa	1,275	271	1,546
United Arab Emirates	176	1,350	1,526
Malaysia	146	1,143	1,289
Poland	1,214	49	1,263
Venezuela	792	87	880
Philippines	595	29	624
Hungary	553	4	558
Czech Republic	-	556	556
Argentina	299	154	453
Romania	408	15	422
Thailand	2	412	413
Russia	368	27	395
China	79	182	261
Ukraine	35	0	35
Pakistan	23	-	23
Greece	0	10	10
Total	**13,761**	**31,877**	**45,638**

Corporate bond EM exposure was diversified across 10 sectors, although the top five sectors accounted for the majority: energy (13%), consumer non-cyclical (10%), utilities (9%), communications (9%) and financials (8%). In comparison, energy was also the largest sector in 2015 (at 15% of total EM bond exposure). Also as shown in Table 3, life companies accounted for the majority of the U.S. insurance industry's EM bond investments, at approximately 86% of total EM bonds.

Table 3: Historical EM Bond Exposure, 2014–2016 ($ Mil. BACV)

Insurer Type	2014	2015	2016
Life	40,257	39,311	39,046
P/C	6,621	5,862	5,716
Fraternal	551	538	540
Health	361	297	295
Title	36	28	38
Total	**47,825**	**46,036**	**45,636**

From year-end 2014 to year-end 2016, U.S. insurers reduced exposure to EM countries across all regions as shown in Table 4. From 2014 to year-end 2015, the largest reduction in bond BACV occurred in Latin America (5%). Year-over-year (YOY) decreases from 2015 to 2016 in the remaining regions totaled about $463 million, mainly attributable to dispositions as amortization was $25 million and net valuation changes (including changes in foreign exchange) were about $50 million.

Table 4: Historical EM Bond Exposure, 2014–2016 ($ Mil. BACV)

EM Region	2014	2015	2016
Latin America	30,234	28,813	28,888
Asia	12,881	12,574	12,358
Europe	2,992	2,975	2,845
Africa	1,685	1,662	1,546

As of year-end 2016, EM bond exposure was largely investment grade (89%) as indicated by their NAIC 1 and NAIC 2 designations, with bonds designated NAIC 2 representing about 59% of the investment grade exposure. In comparison, in 2015, 91% of EM bond exposure was considered investment grade based on their NAIC designations, 70% of which was Yen-denominated. Non-U.S. dollar EM bond exposure was less than 3% of total U.S. insurer EM bond exposure at year-end 2016, which minimizes direct currency exposure.

Top 10 EM Country Bond Exposures

Similar to year-end 2015, as of year-end 2016, Mexico remained the single largest country at $14.8 billion, or 32% of total EM bond exposure, followed by Chile at $6.5 billion. The countries that comprised the largest 10 EM bond exposures for the U.S. insurance industry were consistent from 2013 to 2015; however, there were some changes in 2016. For example, Brazil dropped from the third largest country to the eighth largest in terms of BACV due to dispositions and other-than-temporary impairments (OTTI). Indonesia remained in the top five, with a relatively consistent BACV. New to the top 10 in 2016 was Qatar at $1.6 billion, which resulted in the United Arab Emirates being removed from the list. The BACV of the largest 10 EM bond exposures, by country, held by the U.S. insurance industry accounted for 80% of total EM bond exposure at year-end 2016 (or about $37 billion, see Table 5), compared to 81% and 77% in 2015 and 2014, respectively.

Table 5: Largest 10 EM Bond Exposure, 2016 ($ Mil. BACV)

Country	2016	Pct of Total
Mexico	14,776	32%
Chile	6,526	14%
Indonesia	2,394	5%
Peru	2,273	5%
Colombia	2,272	5%
Turkey	2,046	4%
India	1,827	4%
Brazil	1,708	4%
Qatar	1,559	3%
South Africa	1,546	3%
Total	**36,927**	**80%**

About 88%, or $13 billion, of Mexico's bond exposure was in corporate bonds, with the remainder, or $1.8 billion, in government bonds. American Movil (Telecommunications; A2, Moody's) was the single largest issuer exposure at $2.1 billion (or 14% of Mexico exposure) as of year-end 2016.

<u>Profile of the Top Five EM Country Bond Exposures</u>

For the five EM countries with the largest bond exposures (in terms of BACV) the IMF forecasts an average 2.8% GDP growth rate in 2017 (see Table 6), with Indonesia expected to be the growth leader.

Table 6: Profile of Five EM Bond Exposures, As of October 2016

Country Name	Ratings (S&P/Moody's/Fitch)	Government Bond Yield	GDP 2016 (Mil.)	2015 Growth	2016 Growth	2017 Forecasted Growth
Mexico	BBB+/A3/BBB+	7.5%	$2,307,000	2.5%	1.6%	2.2%
Chile	AA-/Aa3/A+	4.2%	$436,000	2.3%	1.7%	2.0%
Indonesia	BB+/Baa3/BBB-	7.6%	$3,028,000	4.8%	4.9%	5.3%
Peru	BBB+/A3/BBB+	6.5%	$409,900	3.3%	3.7%	4.1%
Colombia	BBB/Baa2/BBB	6.6%	$292,000*	3.1%	1.7%	2.5%

*Source: S&P/Moody's/Fitch, CIA World Factbook, IMF. *GDP as of 2015.*

<u>Historical Emerging Market Bond Performance</u>

The Bloomberg USD Emerging Market Sovereign Bond Index (BEMS), an index consisting of USD fixed-rate securities of sovereign issuers in emerging markets, fell sharply from an index level of about 164.2 on Nov. 8, 2016, to about 154.9 on Nov. 11, 2016. The decline was due to concerns about trade and import controls on EM countries resulting from the U.S. presidential election. BEMS has since rebounded to 164.7 on Apr. 10, 2017 (see Chart 2.) Despite this trend, as of Apr. 10, 2017, year-to-date (YTD) BEMS return was 3.8%, with a 12-month return of 7.49%. In 2016, the BEMS rose 10% following a flat 2015. The increase in BEMS returns was mostly driven by investors seeking higher yields, thereby driving up prices, versus the low comparable yields from developed economies at that time.

Chart 2: Bloomberg USD Emerging Market Sovereign Bond Index Level (One-Year Ended April 10, 2017)

The movement for EM corporate bonds was not as drastic as experienced with sovereign bonds, as the Bloomberg USD Emerging Market Corporate Bond Index (BEMC), an index consisting of USD fixed-rate securities of corporate issuers in emerging markets, fell 3% to 151.2 on Nov. 14, 2016, from 156.3 on Nov. 8, 2016. As of April 10, 2017, the BEMC was at 159.6, with a YTD return of 3.85% and a 12-month return of 10.29% (see Chart 3) compared to the Bloomberg Barclays U.S. Corporate Total Return Index (an index of U.S. investment grade, fixed-rate, taxable corporate bonds) with a YTD of 1.61% and a 12-month return of 3.11%. The directional movement of BEMC mimicked BEMS, rising 12% in 2016, but flat in 2015. EM bond performance, as demonstrated by the BEMC, was mainly driven by low U.S. interest rates making EM bonds more attractive given the higher yields, among other factors such as the rally in the value of EM currencies following a post-U.S. election decline.

Chart 3: Bloomberg USD Emerging Market Corporate Bond Index Level (One-Year Ended April 10, 2017)

U.S. Insurer Exposure to EM Unaffiliated Stock

As of year-end 2016, the BACV of U.S. insurer exposure to EM unaffiliated stock was $1.2 billion, or 3% of total U.S. insurer EM investments (see Table 7.) China accounted for 63% of the total at about $752 million compared to 79%, or about $2 billion in 2015. The second largest EM unaffiliated stock exposure was in Greece for $150 million. At year-end 2016, the largest five EM countries' unaffiliated stock exposures accounted for 88% of total EM unaffiliated stock exposure, which was down from 95% at year-end 2015 due mainly to year-over-year dispositions.

Table 7: EM Unaffiliated stock Exposure by Country, 2016 ($ Mil. BACV)

Country	Total	Pct of Total
China	752	63%
Greece	150	13%
Brazil	62	5%
Taiwan	57	5%
India	39	3%
Others	138	12%
Total	**1,197**	**100%**

At year-end 2016, P/C insurers held 73% of the reported BACV in EM unaffiliated stock. Although 10 sectors comprised the U.S. insurance industry's EM unaffiliated stock exposure, more than three-quarters (68%) was concentrated in the financial sector.

Historical Emerging Market Equity Performance

As of Apr. 10, 2017, the MSCI Emerging Market Index, which measures large and mid-cap unaffiliated stock across emerging and developing countries, returned 11.1% YTD and 16.26% for the preceding 52 weeks, with a dividend yield of 2.41%. In 2016, the MSCI return increased to 11.2% following a -14.9% return in 2015. In comparison, the S&P 500 Index lags the MSCI thus far in 2017, by 6.09 points, at about 5.01% total return as of Apr. 10, 2017. From 2008 to 2016, EM unaffiliated stock returns were more volatile than U.S. unaffiliated stock returns, with a standard deviation of about 35% and 20%, respectively. Note that the BACV of U.S. insurance industry exposure to EM unaffiliated stock is a substantially small portion of overall unaffiliated stock exposure.

Summary

As of year-end 2016, U.S. insurers' total EM exposure decreased by about $1.7 billion from year-end 2015 to $46.8 billion. While geopolitical and economic volatility continues in many EM countries, the overall U.S. insurance industry's exposure to EM investments remained at less than 1% of total cash and invested assets as of year-end 2016. Exposure to EM bonds (97% of U.S. insurers' total EM investments) decreased slightly in terms of BACV from 2015 to 2016, with Mexico continuing to maintain the largest EM country bond exposure at about $14.8 billion (or 32% of total EM bonds). Positive worldwide economic growth and a continued rebound in commodity prices benefit EM countries, especially commodity exporters. While Mexico accounts for about one-third of EM bond exposure, a diverse economy, high correlation to the U.S. economy and low reliance on commodities mitigates any potential risk.

According to the IMF, as of October 2016, worldwide GDP of 3.4% is forecasted for 2017, with the advanced economies contributing 1.8% GDP and EM economies contributing 4.6% GDP. The 2017 increase in worldwide GDP is 30 basis points (bps) higher than the 3.1% estimated for 2016. Worldwide growth, however, will eventually result in less accommodative monetary policies, pushing up rates in developed markets and potentially resulting in investment outflows from EM countries.

The NAIC Capital Markets Bureau will continue to monitor the U.S. insurance industry's EM exposure, as well as developments within the aforementioned countries that could affect these exposures; we will provide updates as deemed appropriate.

May 19, 2017								
Major Insurer Share Prices			**Change %**			**Prior**		
		Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Life	Aflac	$73.87	0.6	2.0	6.1	$73.43	$72.42	$69.60
	Ameriprise	125.83	(0.2)	(3.0)	13.4	126.13	129.68	110.94
	Genworth	3.64	(1.1)	(11.7)	(4.5)	3.68	4.12	3.81
	Lincoln	65.36	(2.0)	(0.1)	(1.4)	66.68	65.45	66.27
	MetLife	50.48	(0.9)	(4.4)	(6.3)	50.92	52.82	53.89
	Principal	60.83	(3.4)	(3.6)	5.1	63.00	63.11	57.86
	Prudential	103.99	(2.1)	(2.5)	(0.1)	106.21	106.68	104.06
	UNUM	45.49	(0.6)	(3.0)	3.6	45.78	46.89	43.93
PC	Axis Capital	63.36	0.6	(5.5)	(2.9)	62.96	67.03	65.27
	Allstate	84.13	0.0	3.2	13.5	84.13	81.49	74.12
	Arch Capital	94.78	(0.4)	0.0	9.8	95.19	94.77	86.29
	Cincinnati	69.04	(0.0)	(4.5)	(8.9)	69.06	72.27	75.75
	Chubb	138.48	1.3	1.6	4.8	136.74	136.25	132.12
	Everest Re	243.94	(0.0)	4.3	12.7	243.95	233.81	216.40
	Progressive	41.10	2.8	4.9	15.8	39.98	39.18	35.50
	Travelers	120.79	0.2	0.2	(1.3)	120.59	120.54	122.42
	WR Berkley	67.11	1.4	(5.0)	0.9	66.16	70.63	66.51
	XL	41.45	(1.0)	4.0	11.2	41.86	39.86	37.26
Other	AON	$127.28	2.4	7.2	14.1	$124.24	$118.69	$111.53
	AIG	61.20	0.3	(2.0)	(6.3)	60.99	62.43	65.31
	Assurant	99.53	(2.5)	4.0	7.2	102.05	95.67	92.86
	Fidelity National	41.18	2.0	5.8	21.3	40.39	38.94	33.96
	Hartford	48.42	(1.3)	0.7	1.6	49.08	48.07	47.65
	Marsh	74.61	1.7	1.0	10.4	73.38	73.89	67.59
Health	Aetna	$141.36	(1.1)	10.8	14.0	$142.90	$127.55	$124.01
	Cigna	159.48	(1.6)	8.9	19.6	162.03	146.49	133.39
	Humana	227.89	(1.8)	10.6	11.7	231.99	206.14	204.03
	United	172.59	0.5	5.2	7.8	171.81	164.01	160.04
Monoline	Assured	$38.68	(0.1)	4.2	2.4	$38.70	$37.11	$37.77
	MBIA	7.98	(0.6)	(5.8)	(25.4)	8.03	8.47	10.70
	MGIC	10.60	(1.2)	4.6	4.0	10.73	10.13	10.19
	Radian	16.46	(1.7)	(8.4)	(8.5)	16.75	17.96	17.98
	XL Capital	41.45	(1.0)	4.0	11.2	41.86	39.86	37.26

May 19, 2017							
Major Market Variables		**Change %**			**Prior**		
	Close	**Week**	**QTD**	**YTD**	**Week**	**Quarter**	**Year**
Dow Jones Ind	20,804.84	(0.4)	0.7	5.3	20,896.61	20,663.22	19,762.60
S&P 500	2,381.73	(0.4)	0.8	6.4	2,390.90	2,362.72	2,238.83
S&P Financial	386.54	(1.0)	(2.0)	0.0	390.45	394.58	386.53
S&P Insurance	363.59	0.1	0.3	2.9	363.40	362.67	353.26
US Dollar $		**Change %**			**Prior**		
/ Euro	$1.12	2.5	5.1	6.5	$1.09	$1.07	$1.05
/ Crude Oil bbl	50.38	5.2	(0.7)	(6.4)	47.89	50.74	53.81
/ Gold oz	1,255.20	2.2	0.7	9.1	1,228.10	1,245.90	1,150.90
Treasury Ylds %	**%**	**Change bp**			**%**	**%**	**%**
1 Year	1.09	(0.02)	0.06	0.27	1.10	1.03	0.82
10 Year	2.23	(0.09)	(0.16)	(0.21)	2.32	2.39	2.45
30 Year	2.90	(0.09)	(0.12)	(0.17)	2.99	3.01	3.07
Corp Credit Spreads -bp		**Change %**			**Prior**		
CDX.IG	63.53	1.4	(4.2)	(6.0)	62.62	66.33	67.59

May 19, 2017										
Major Insurer Bond Yields					**Weekly Change**					**YTD**
					Price			**Spread over UST**		**Spread**
	Company		**Coupon**	**Maturity**	**Current**	**Change**	**Yield**	**B.P.**	**Change**	**Change**
Life	Ameriprise	AMP	3.700%	10/15/2024	$104.74	$0.53	2.98%	88	1	(15)
	Lincoln National	LNC	3.350%	3/9/2025	$100.52	$0.71	3.27%	115	2	4
	MassMutual	MASSMU	3.600%	4/9/2024	$104.56	$0.65	2.86%	79	0	(14)
	MetLife	MET	4.050%	3/1/2045	$100.29	$1.37	4.03%	120	2	(7)
	New York Life	NYL	2.350%	7/14/2026	$95.79	$0.71	2.88%	68	(1)	(7)
	Pacific Life	PACLIF	5.125%	1/30/2043	$111.32	$1.39	4.39%	160	(1)	(29)
	Principal	PFG	6.050%	10/15/2036	$126.18	$1.43	4.08%	149	0	(21)
	Prudential	PRU	4.600%	5/15/2044	$108.29	$1.10	4.09%	127	2	(6)
	Allstate	ALL	4.500%	6/15/2043	$109.31	$1.48	3.93%	113	0	(7)
	Berkshire Hathaway	BRK	4.300%	5/15/2043	$106.46	$1.84	3.90%	112	(2)	2
	Travelers	TRV	4.600%	8/1/2043	$111.76	$1.59	3.88%	108	0	4
	XL Group	XL	6.250%	5/15/2027	$119.88	$1.13	3.83%	156	6	(14)
Other	AON	AON	4.250%	12/12/2042	$95.94	$1.60	4.52%	174	1	1
	AIG	AIG	6.820%	11/15/2037	$129.50	$1.91	4.58%	197	(3)	(14)
	Hartford	HIG	4.300%	4/15/2043	$100.11	$1.40	4.29%	151	1	(34)
	Nationwide	NATMUT	5.300%	11/18/2044	$112.71	$1.26	4.49%	163	2	(36)
Health	Aetna	AET	6.750%	12/15/2037	$137.05	$1.95	4.07%	146	(2)	(17)
	CIGNA	CI	6.150%	11/15/2036	$125.14	$1.50	4.24%	165	0	(42)
	United Healthcare	UNH	4.750%	7/15/2045	$112.98	$1.44	3.98%	113	1	(0)

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