



Evolving Trends in Bank-Owned Life Insurance Market

Complimentary Edition – 2021-Q2

September 2021

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Economic Backdrop

Economic Updates

Federal Reserve Comments on Economy

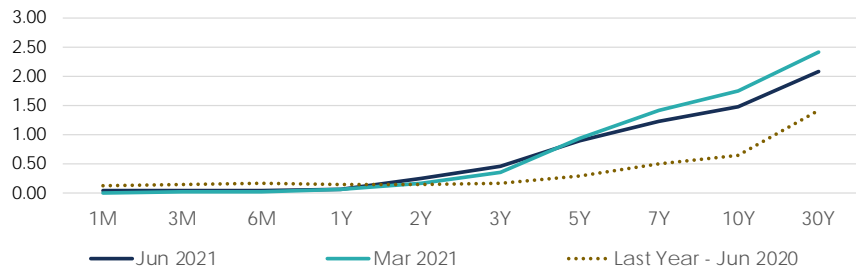
- During the April 28 FOMC meeting, the Committee voted to keep rates unchanged at the 0% to 0.25% range. The [FOMC statement](#) notes that sectors most adversely affected by the pandemic remain weak but have shown improvement.
- The April consumer price index rose 4.2% from the prior year and exceeded the survey estimates of 3.6%.

Inflation Data

- The year-over-year CPI index was 5% for May 2021. This exceeded the Bloomberg survey estimate of 4.7%. The 5% increase was the largest increase since 2008. Energy and automobiles saw the largest year-over-year price increases.

Financial Markets Update

US Treasury Yields



	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	30Y
Jun 2021	0.04	0.04	0.05	0.07	0.25	0.46	0.89	1.24	1.47	2.09
Mar 2021	0.00	0.02	0.03	0.06	0.16	0.35	0.94	1.42	1.74	2.41
Q Change	0.04	0.03	0.02	0.01	0.09	0.11	-0.05	-0.18	-0.27	-0.33
Jun 2020	0.12	0.14	0.16	0.15	0.15	0.17	0.29	0.49	0.66	1.41
Year Change	-0.08	-0.10	-0.11	-0.09	0.10	0.29	0.60	0.75	0.81	0.68

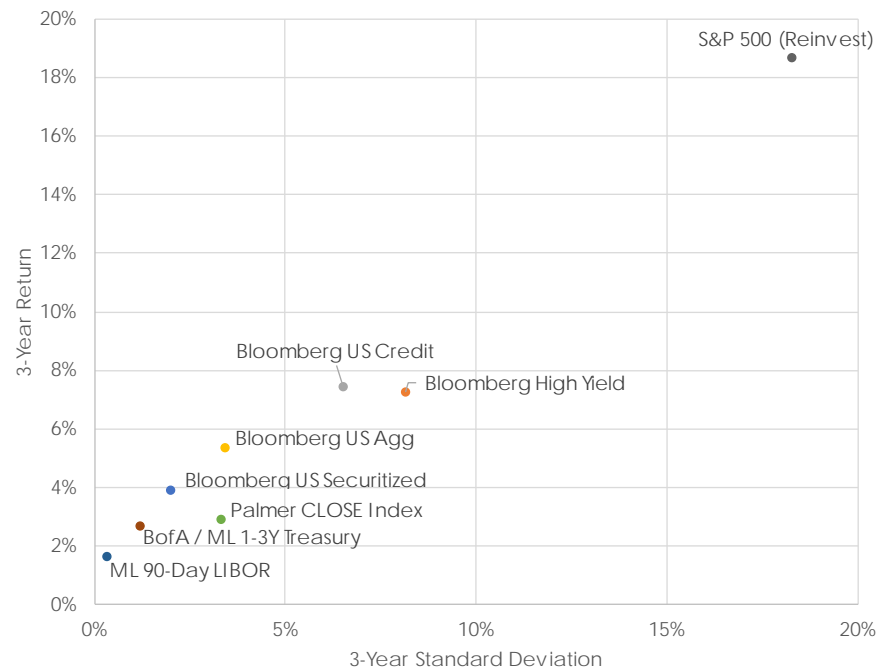
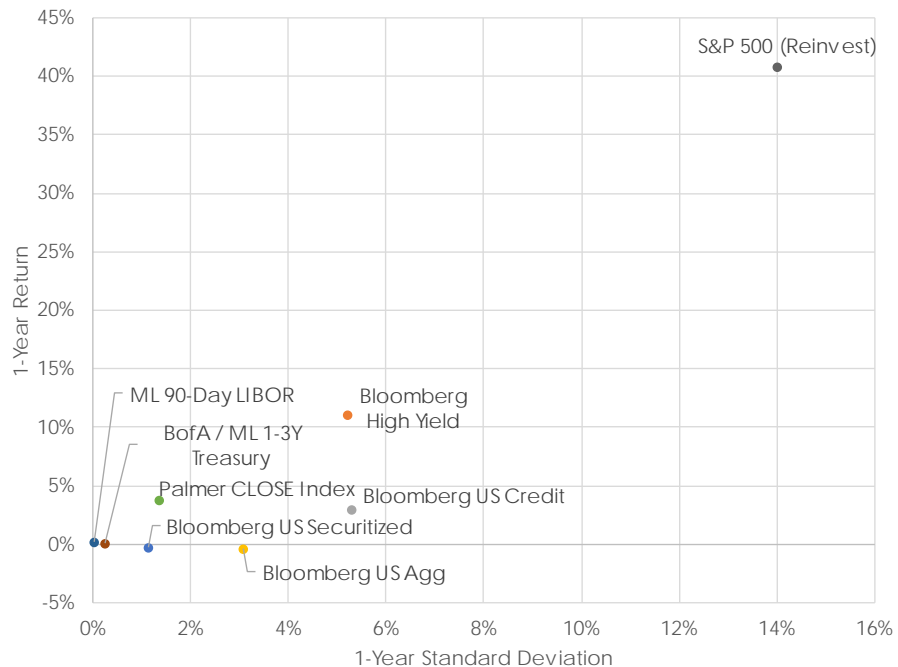
Sector Performance (As of Q1)

	YTW	Duration	OAS	3M Return	12M Return	3Y Return	5Y Return
Treasuries	0.95%	7.01	0.00%	1.75%	-3.22%	4.65%	2.16%
Corporate	2.04%	8.72	0.80%	3.55%	3.30%	7.78%	4.90%
CMBS	1.50%	5.19	0.59%	1.87%	2.26%	5.97%	3.43%
ABS	0.47%	2.04	0.22%	0.34%	1.34%	3.65%	2.39%
Credit Card ABS	0.55%	2.52	0.18%	0.59%	0.86%	3.72%	2.33%
Auto ABS	0.45%	1.83	0.25%	0.23%	1.62%	3.53%	2.46%
Agency MBS	1.77%	4.16	0.27%	0.33%	-0.42%	3.77%	2.27%
GNMA	1.77%	3.51	0.28%	-0.02%	-0.95%	3.45%	2.04%
FHLHC	1.77%	4.43	0.25%	0.51%	-0.25%	3.91%	2.37%
FNMA	1.78%	4.28	0.29%	0.39%	-0.22%	3.90%	2.35%
Palmer CLO AAA	1.41%	1.69	1.04%	0.34%	3.60%	2.85%	2.93%

*Discount Margin

	3M Return	12M Return	3Y Return	5Y Return
SP 500 (Reinvest)	8.55%	40.79%	18.65%	17.65%
Energy	11.30%	49.38%	-6.08%	-0.80%
Materials	4.97%	48.51%	14.85%	14.59%
Industrials	4.48%	51.45%	15.00%	14.40%
Consumer Discretionary	6.95%	37.08%	19.33%	19.69%
Consumer Staples	3.83%	23.29%	14.12%	8.04%
Health Care	8.40%	27.92%	17.01%	14.07%
Financials	8.36%	61.77%	13.95%	17.05%
IT	11.56%	42.40%	30.27%	31.22%
Telecom	10.72%	48.38%	23.24%	10.89%
Utilities	-0.41%	15.77%	10.48%	7.41%

1 & 3-Year Benchmark Risk/Return Plots

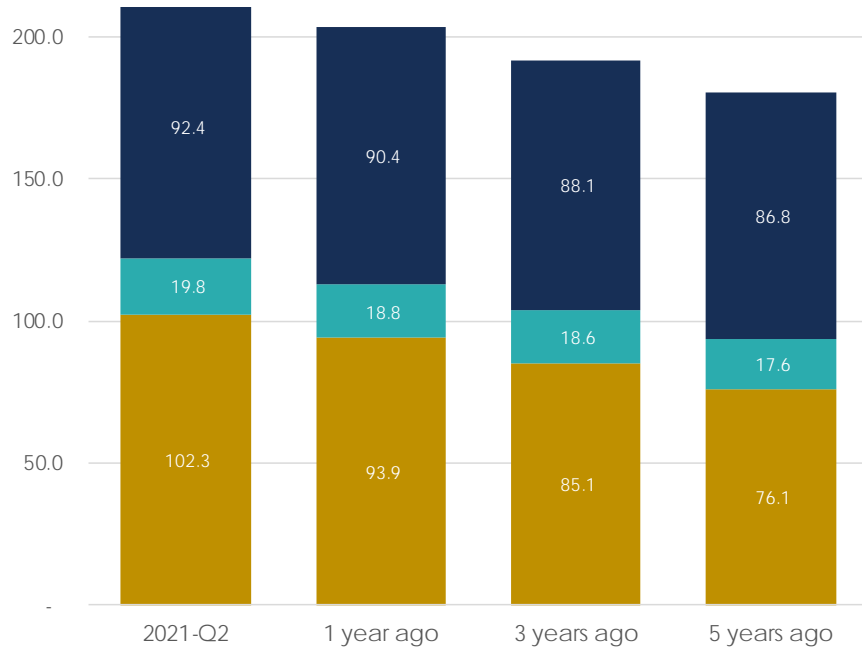


Data as of 2021-Q2

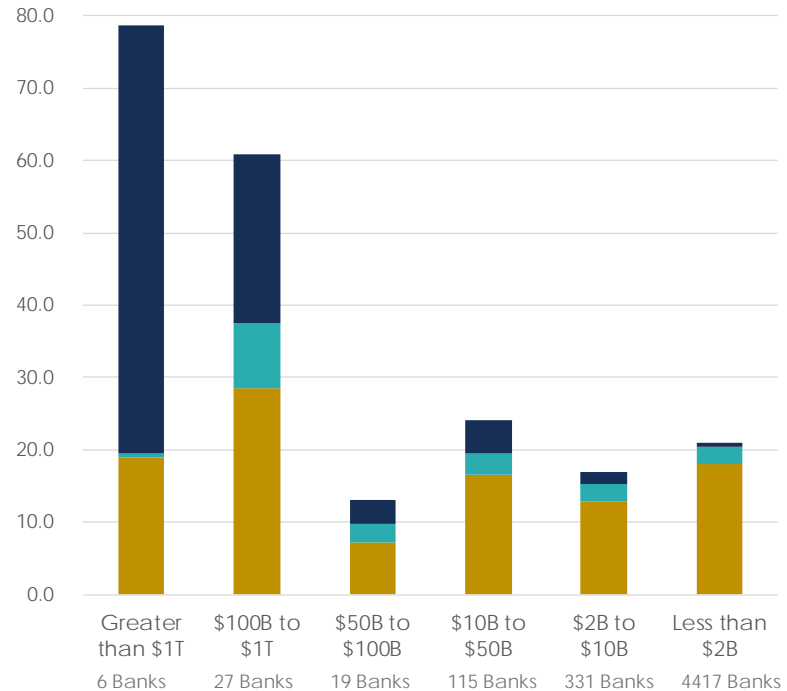
Recent Trends in BOLI

BOLI Market Overview as of 2021-Q2

Total BOLI (\$B) by Type



Current BOLI Type by Institution Total Asset Size



Institutions represent Bank Holding Companies and Stand-Alone Savings & Loans and Banks

BOLI Market Overview as of 2021-Q2

Bank Size	Number of Banks ¹	% Owning BOLI	Total Assets (Billions)	GA BOLI (Billions)	Hybrid BOLI (Billions)	SA BOLI (Billions)	Total BOLI (Billions)	BOLI / Capital	BOLI / Assets
Greater than \$1 Trillion	6	100%	13,538	19.0	0.6	59.1	78.7	7.63%	0.58%
\$100 Billion to \$1 Trillion	27	78%	6,984	28.5	9.0	23.3	60.8	9.70%	0.87%
\$50 Billion to \$100 Billion	19	89%	1,476	7.2	2.6	3.2	13.1	8.52%	0.88%
\$10 Billion to \$50 Billion	115	83%	2,493	16.6	3.0	4.5	24.1	9.73%	0.97%
\$2 Billion to \$10 Billion	367	83%	1,503	13.0	2.2	1.7	17.0	10.10%	1.13%
Less than \$2 Billion	4,417	64%	1,799	18.0	2.5	0.5	21.0	10.46%	1.17%
TOTALS	4,951	66%	27,793	102.3	19.8	92.4	214.6	8.84%	0.77%

¹ The number of banks represents the number of Top Bank Holding Companies and Stand-Alone Savings & Loan and Banking Institutions. A Bank Holding Company may have several subsidiary banks, but they are not counted individually in this figure.

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BOLI Risk-Weighted Assets Analysis

Bank Size	Number of Banks ¹	% Owning BOLI	SA Exposure (\$B)	SA RWA (\$B)	Total RWA / Total Exposure	Average Bank RW%
Greater than \$1 Trillion	6	100%	59.1	19.0	32.2%	32.3%
\$100 Billion to \$1 Trillion	27	78%	27.2	11.1	40.7%	70.4%
\$50 Billion to \$100 Billion	19	89%	5.3	3.9	73.5%	61.7%
\$10 Billion to \$50 Billion	115	83%	6.5	4.0	61.5%	72.7%
\$2 Billion to \$10 Billion	367	83%	3.3	2.7	81.0%	87.2%
Less than \$2 Billion	4,417	64%	2.1	1.9	91.3%	94.3%
Total	4,951	66%	103.4	42.5	41.1%	90.2%

Observations

- Bank RW% Median and Mode are both 100%, indicating most banks are defaulting to 100%
- Using category weights from our BOLI Allocations Study, MBSA estimates a ~28% effective risk-weight for the SA industry using the Basel III Standardized Approach
- The largest banks account for over half of SA Exposure, yet achieve lower RW%

Recent BOLI Transaction Counts & Totals

Movement or Transactions of \$10M or More

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2021-Q2	34	1,860	29	522	63	2,383	0	0	0	0	0	0
1-Year	67	3,959	63	1,517	130	5,476	1	-44	5	-215	6	-259
3-Year	100	6,855	126	3,102	226	9,957	5	-151	18	-765	23	-916
5-Year	181	9,440	192	4,809	373	14,249	8	-278	25	-1,030	33	-1,308
SA												
2021-Q2	0	0	2	51	2	51	0	0	0	0	0	0
1-Year	1	60	5	404	6	464	1	-44	2	-26	3	-70
3-Year	2	78	10	670	12	748	3	-105	7	-354	10	-458
5-Year	4	118	19	1,016	23	1,134	4	-145	12	-521	16	-666
GA												
2021-Q2	33	1,760	27	472	60	2,232	0	0	0	0	0	0
1-Year	65	3,799	58	1,114	123	4,912	0	0	3	-189	3	-189
3-Year	97	6,677	115	2,416	212	9,093	1	-4	11	-412	12	-416
5-Year	173	9,184	170	3,749	343	12,933	3	-92	13	-509	16	-600
HYBRID												
2021-Q2	1	100	0	0	1	100	0	0	0	0	0	0
1-Year	1	100	0	0	1	100	0	0	0	0	0	0
3-Year	1	100	1	16	2	116	1	-42	0	0	1	-42
5-Year	4	138	3	44	7	182	1	-42	0	0	1	-42

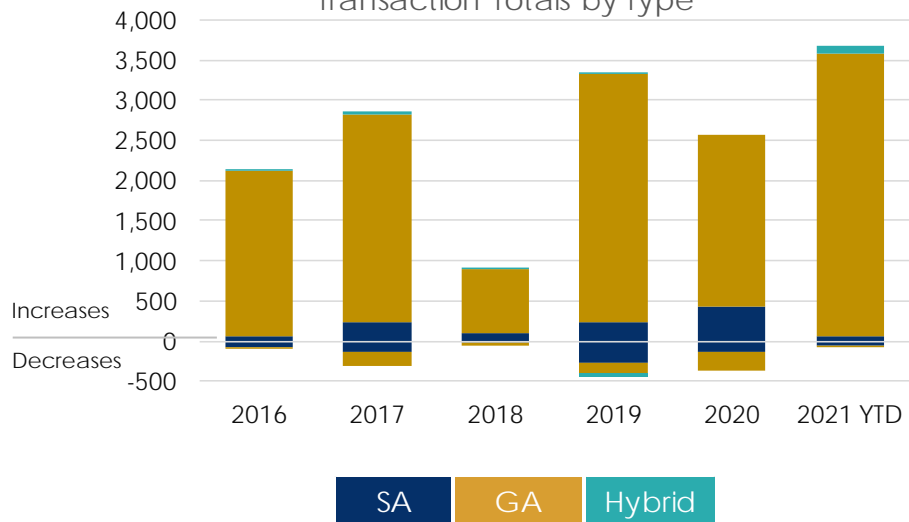
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Movement or Transactions of \$10M or More

Transaction Totals by Type



Recent Notable Purchases

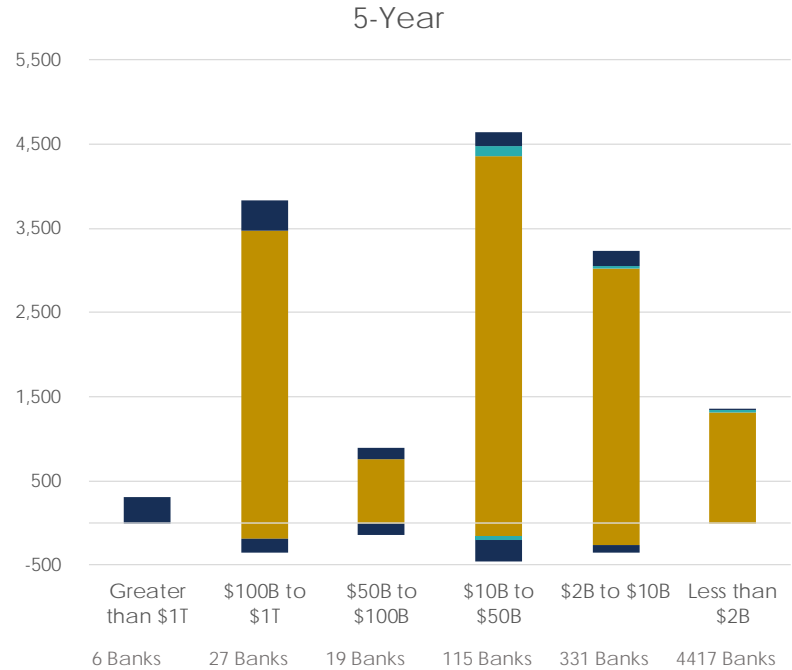
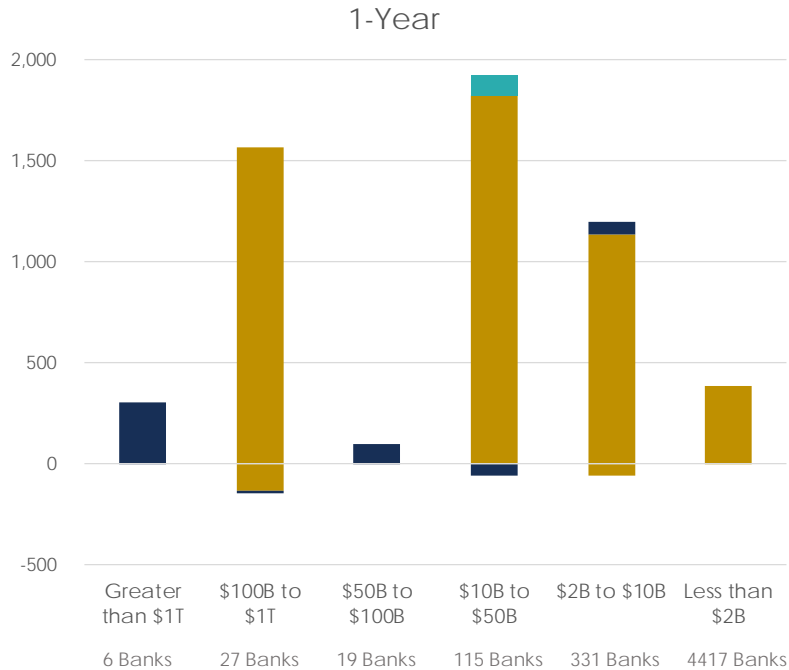
- In 2021-Q2 First Republic purchased \$250 million of GA
- In 2021-Q2 South State (FL) purchased \$106 million of GA and \$100 million of Hybrid
- In 2021-Q2 6 other banks also purchased \$100 million + of GA
- In 2021-Q1 Citizens Bank purchased \$375 million of GA
- In 2021-Q1 First Republic purchased \$252 million of GA
- In 2020-Q4 Morgan Stanley's SA increased ~\$306 million

Recent Notable Surrenders

- None were noted in 2021-Q2
- In 2021-Q1 Hancock Whitney surrendered \$44 million of SA and purchased \$45 million of GA
- In 2020-Q4 Regions performed an **exchange** of SA for GA; MBSA estimates the exchange ~\$250 million

BOLI Transactions by Type and Bank Size

Movement or Transactions of \$10M or More



SA

GA

Hybrid

Listing of activity by institution are available upon request

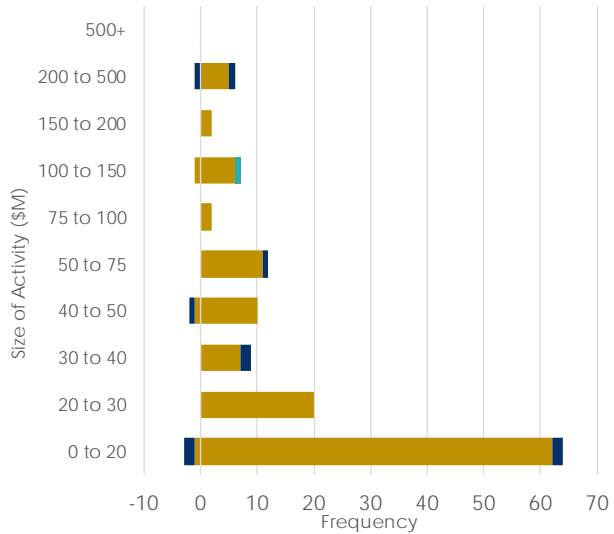
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Frequency of BOLI Transaction Sizes

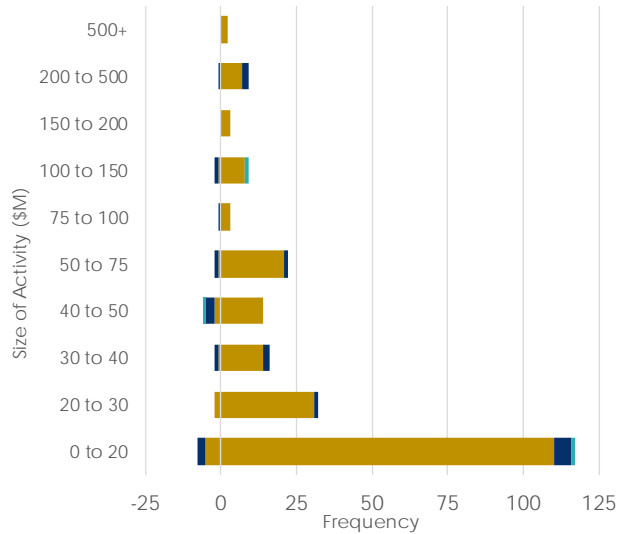
Movement or Transactions of \$10M or More

- Over the past 5 years, over 68% of transactions have been below \$30 Million, while 6% are over \$100 million

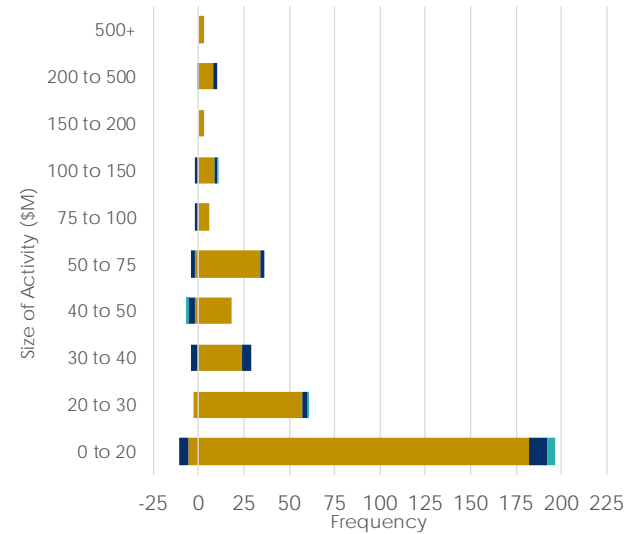
1-Year



3-Year



5-Year



Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

SA

GA

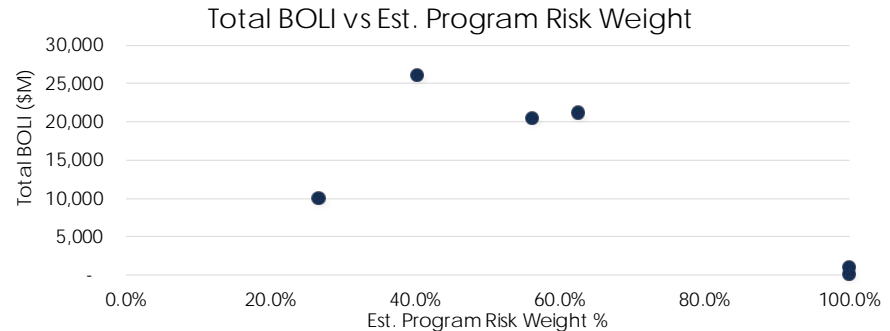
Hybrid

Market Analytics By Bank Size

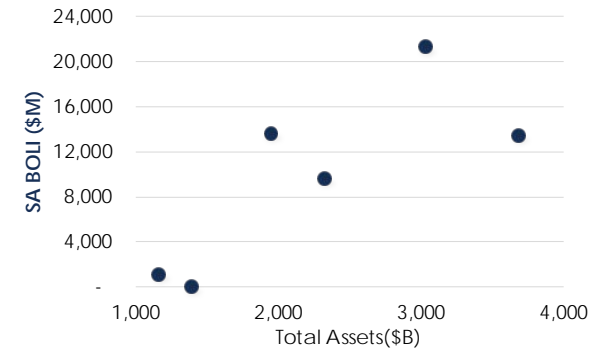
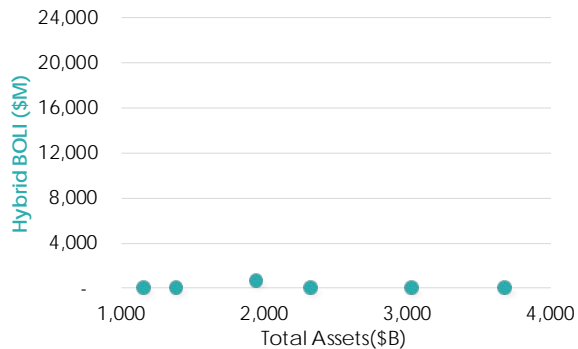
Banks with over \$1T in Total Assets

6 of 6 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	18,960	640	59,064	78,664	8%
Average	3,160	107	9,844	13,111	6%
Last Q # of Increases	-	-	-	-	
Increase Total (\$M)	-	-	-	-	
Last Q # of Decreases	-	-	-	-	
Decrease Total (\$M)	-	-	-	-	



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with over \$1T in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	1	306	1	306	0	0	0	0	0	0
3-Year	0	0	1	306	1	306	0	0	0	0	0	0
5-Year	0	0	1	306	1	306	0	0	0	0	0	0
SA												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	1	306	1	306	0	0	0	0	0	0
3-Year	0	0	1	306	1	306	0	0	0	0	0	0
5-Year	0	0	1	306	1	306	0	0	0	0	0	0
GA												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	0	0	0	0
3-Year	0	0	0	0	0	0	0	0	0	0	0	0
5-Year	0	0	0	0	0	0	0	0	0	0	0	0
HYBRID												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	0	0	0	0
3-Year	0	0	0	0	0	0	0	0	0	0	0	0
5-Year	0	0	0	0	0	0	0	0	0	0	0	0

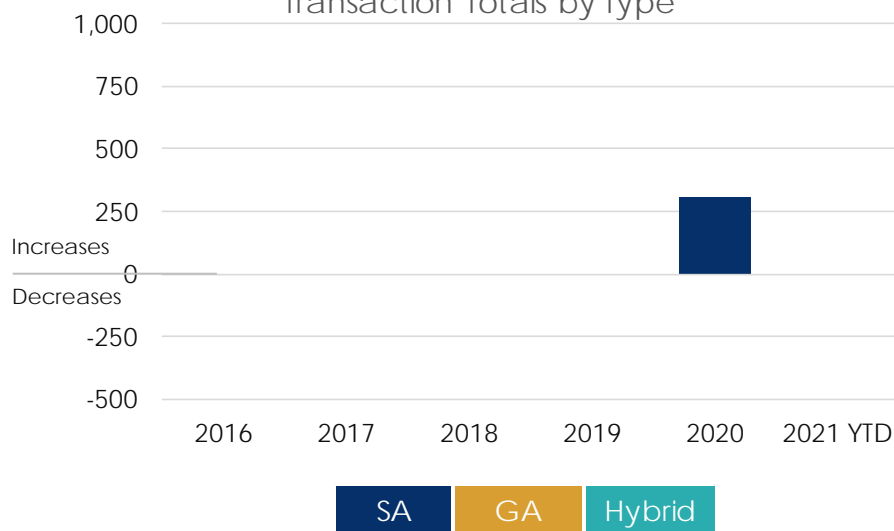
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with over \$1T in Total Assets

Transaction Totals by Type



Current Quarter Activity

- [None observed]

Recent Notable Actions

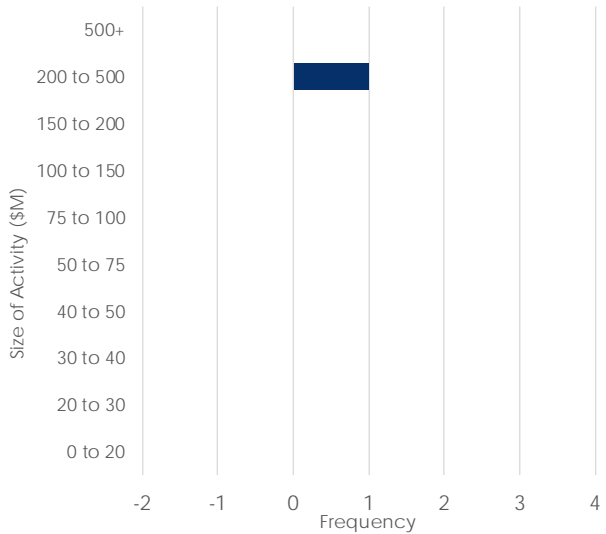
- In 2020-Q4, Morgan Stanley's SA BOLI increased by ~\$306 million

Frequency of BOLI Transaction Sizes

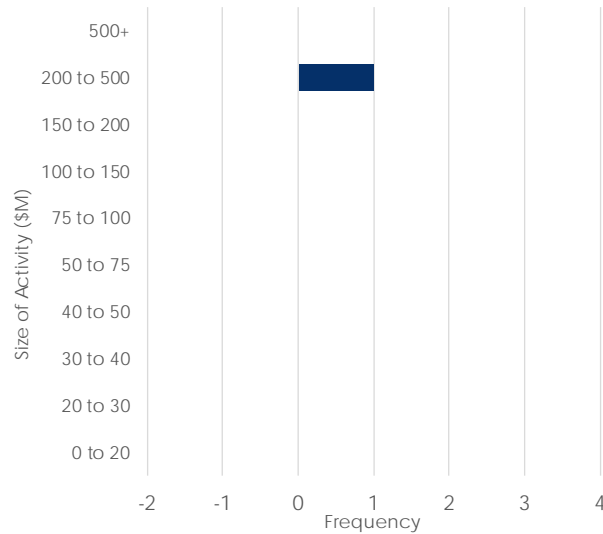
Banks with over \$1T in Total Assets

- While they own over a third of all BOLI, MBSA has only tracked one purchase over the last 5 years for \$1 Trillion+ banks

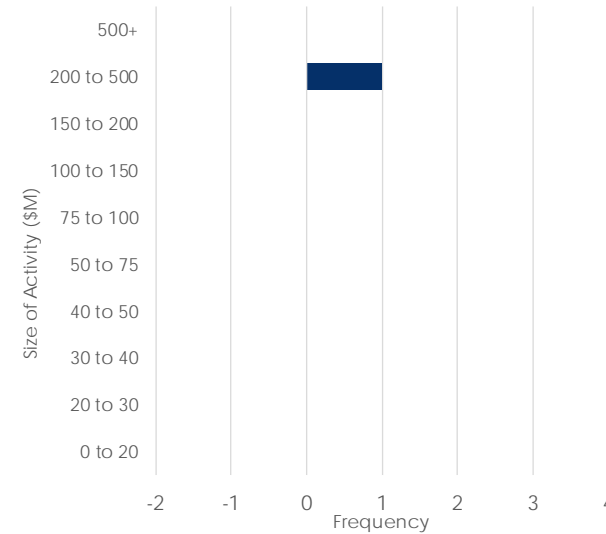
1-Year



3-Year



5-Year



Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

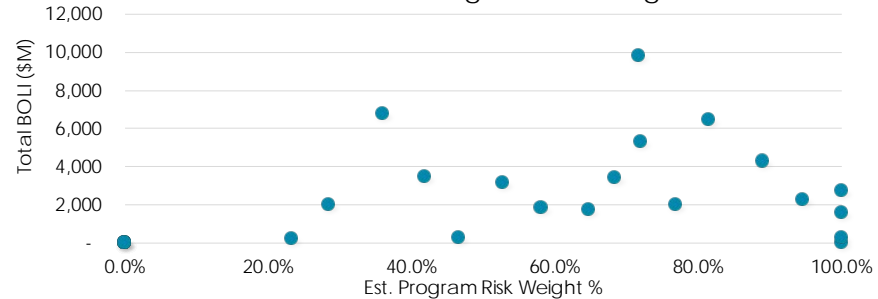
Market Analytics By Bank Size

Banks with \$100B to \$1T in Total Assets

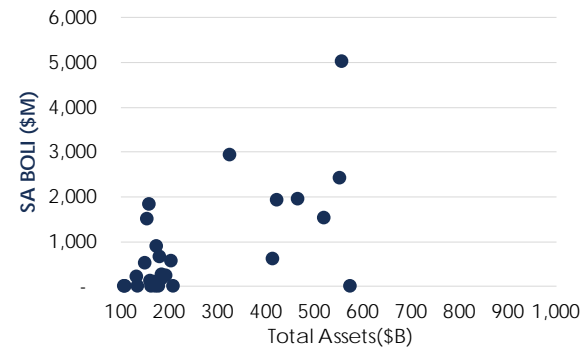
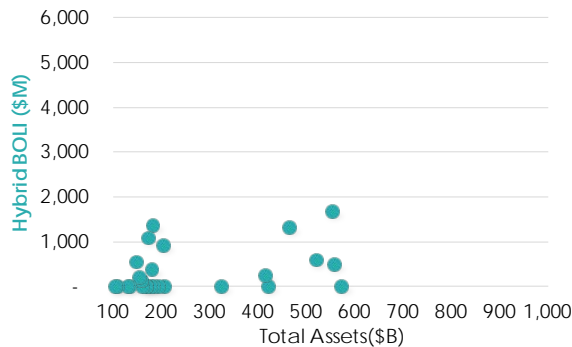
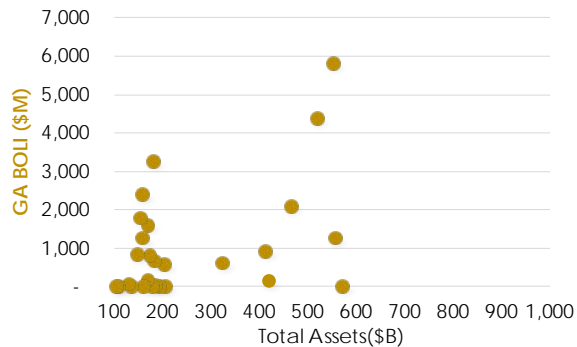
21 of 27 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	28,492	8,954	23,319	60,765	10%
Average	1,055	332	864	2,251	28%
Last Q # of Increases	2	-	-	2	
Increase Total (\$M)	375	-	-	375	
Last Q # of Decreases	-	-	-	-	
Decrease Total (\$M)	-	-	-	-	

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with \$100B to \$1T in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2021-Q2	2	375	0	0	2	375	0	0	0	0	0	0
1-Year	6	1,568	0	0	6	1,568	0	0	2	-144	2	-144
3-Year	10	3,287	1	205	11	3,492	0	0	4	-284	4	-284
5-Year	10	3,287	3	546	13	3,833	0	0	5	-354	5	-354
SA												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	1	-11	1	-11
3-Year	1	18	1	205	2	223	0	0	2	-104	2	-104
5-Year	1	18	2	339	3	357	0	0	3	-174	3	-174
GA												
2021-Q2	2	375	0	0	2	375	0	0	0	0	0	0
1-Year	6	1,568	0	0	6	1,568	0	0	1	-133	1	-133
3-Year	9	3,269	0	0	9	3,269	0	0	2	-180	2	-180
5-Year	9	3,269	1	207	10	3,476	0	0	2	-180	2	-180
HYBRID												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	0	0	0	0
3-Year	0	0	0	0	0	0	0	0	0	0	0	0
5-Year	0	0	0	0	0	0	0	0	0	0	0	0

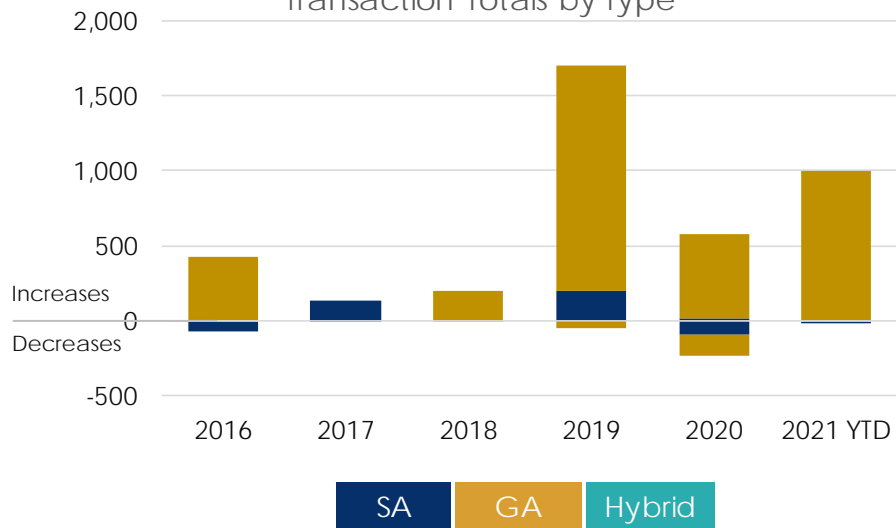
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Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with \$100B to \$1T in Total Assets

Transaction Totals by Type



Current Quarter Activity

- Citizens Bank purchased \$125 million of GA
- First Republic purchased \$250 million of GA

Recent Notable Actions

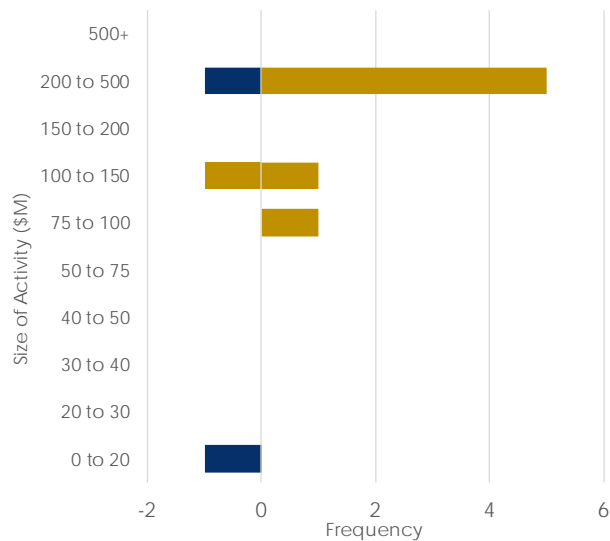
- In 2021-Q1 Citizens Bank purchased \$375 million of GA
- In 2021-Q1 First Republic purchased \$253 million of BOLI; Primarily GA, with some SA
- In 2020-Q4 Regions performed an exchange of SA for GA; MBSA estimates the exchange ~\$250 million
- In 2020, First Republic purchased a total of \$565 million of GA and \$18 million of SA

Frequency of BOLI Transaction Sizes

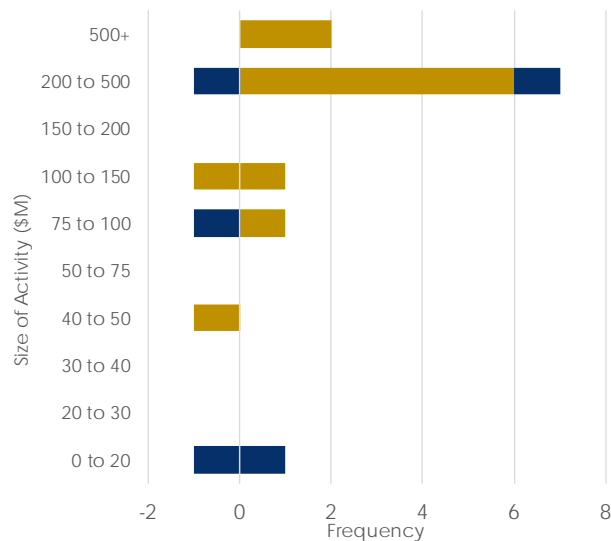
Banks with \$100B to \$1T in Total Assets

- Most recent deals for large banks have been over \$200 million, including two over \$500 million

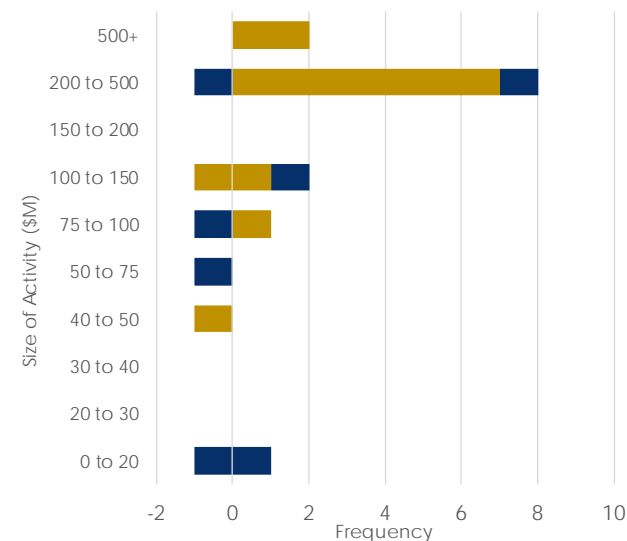
1-Year



3-Year



5-Year



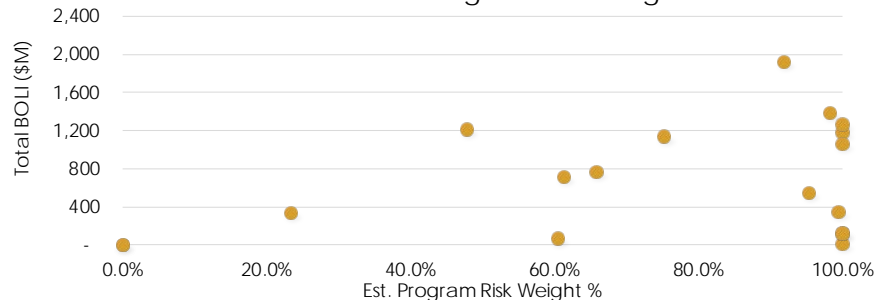
Market Analytics By Bank Size

Banks with \$50B to \$100B in Total Assets

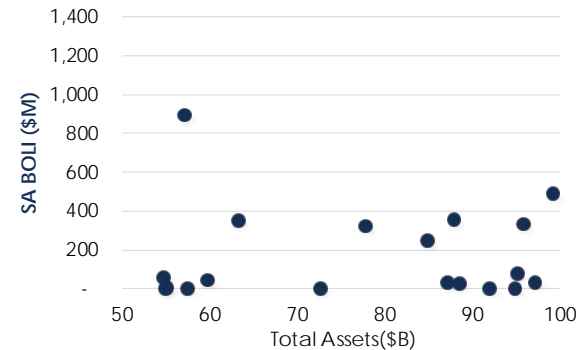
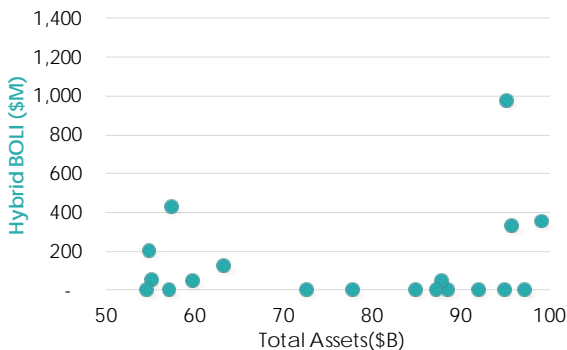
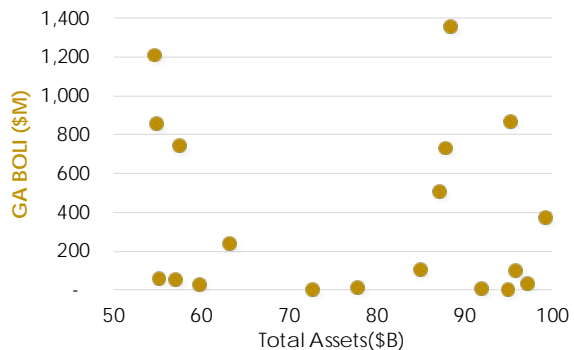
17 of 19 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	7,240	2,570	3,242	13,053	9%
Average	381	135	171	687	9%
Last Q # of Increases	-	-	2	2	
Increase Total (\$M)	-	-	51	51	
Last Q # of Decreases	-	-	-	-	
Decrease Total (\$M)	-	-	-	-	

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with \$50B to \$100B in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2021-Q2	0	0	2	51	2	51	0	0	0	0	0	0
1-Year	0	0	4	98	4	98	0	0	0	0	0	0
3-Year	5	505	9	372	14	877	0	0	2	-135	2	-135
5-Year	6	525	9	372	15	897	0	0	3	-146	3	-146
SA												
2021-Q2	0	0	2	51	2	51	0	0	0	0	0	0
1-Year	0	0	4	98	4	98	0	0	0	0	0	0
3-Year	0	0	6	133	6	133	0	0	2	-135	2	-135
5-Year	0	0	6	133	6	133	0	0	3	-146	3	-146
GA												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	0	0	0	0
3-Year	5	505	3	239	8	744	0	0	0	0	0	0
5-Year	6	525	3	239	9	764	0	0	0	0	0	0
HYBRID												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	0	0	0	0
3-Year	0	0	0	0	0	0	0	0	0	0	0	0
5-Year	0	0	0	0	0	0	0	0	0	0	0	0

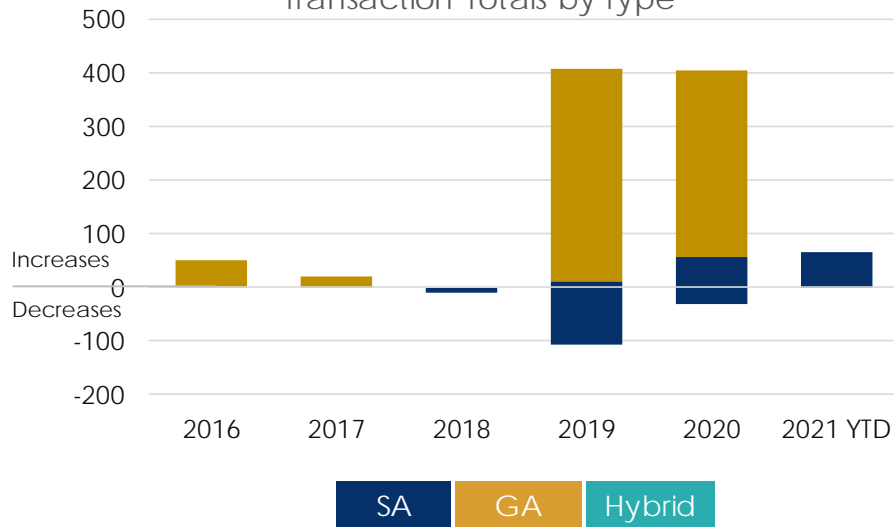
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with \$50B to \$100B in Total Assets

Transaction Totals by Type



Current Quarter Activity

- City National's SA BOLI increased by ~\$12 million
- Raymond James Financial's SA BOLI increased by ~\$39 million

Recent Notable Actions

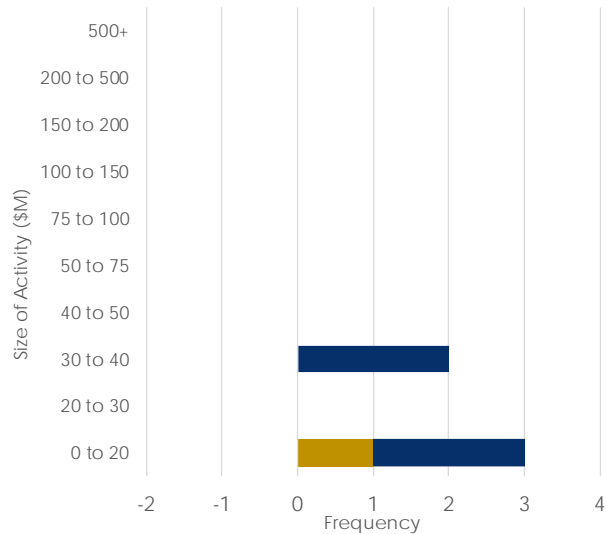
- In 2021-Q1 City National's SA BOLI increased by ~\$16 million
- In 2020-Q1 Synovus purchased \$250 million of GA
- In 2020 City's SA BOLI increased by ~\$67 million
- From 2019-2020 CIT Bank increased its GA by over \$300 million
- In 2019-Q4 Bank of the West's SA decreased by ~\$105 million

Frequency of BOLI Transaction Sizes

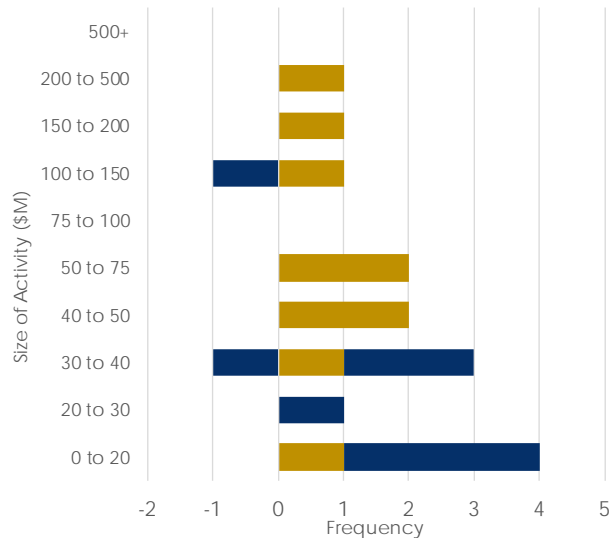
Banks with \$50B to \$100B in Total Assets

- Recent purchases have been fairly spread out in over all size

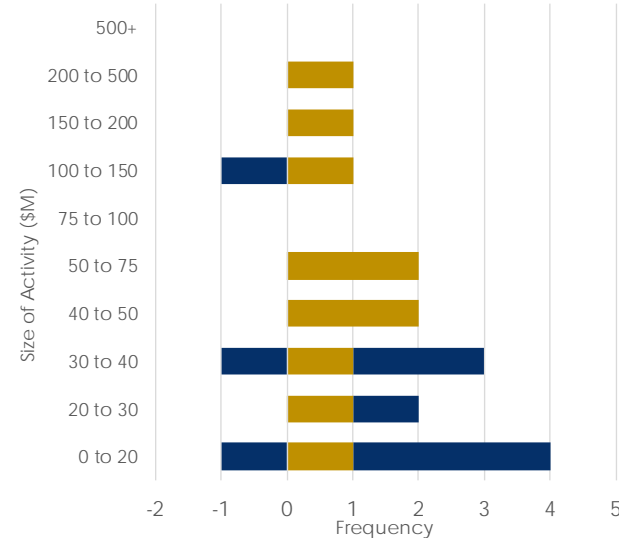
1-Year



3-Year

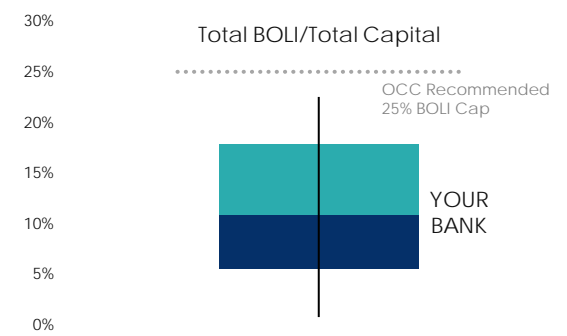
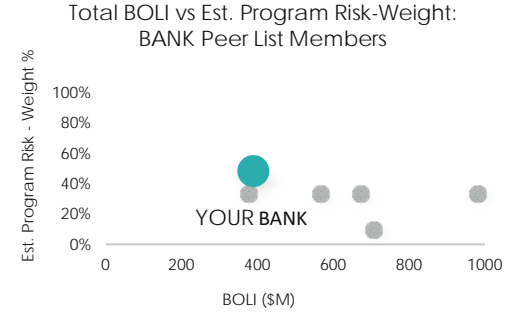
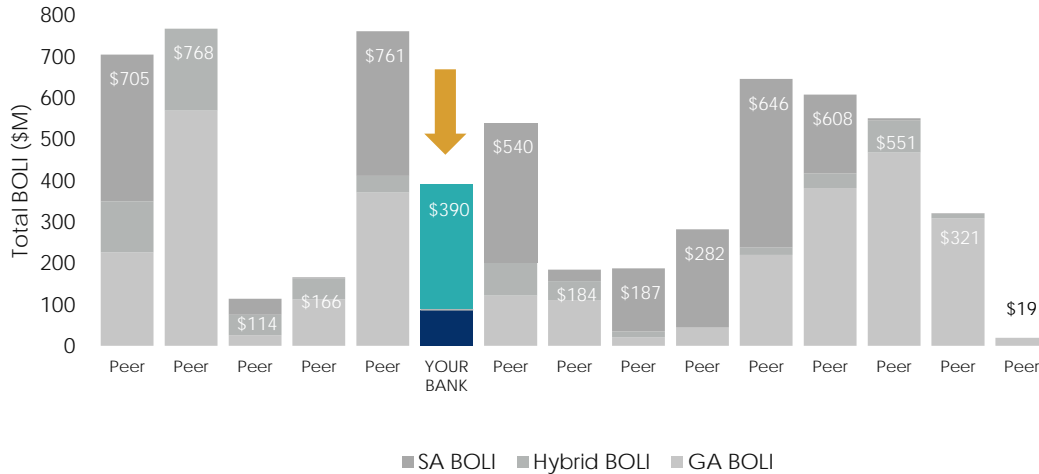


5-Year



CUSTOM PEER BANK REPORTS

- ✓ **Customizable**— Create your peer group & choose which banks to include
- ✓ **Risk Management**— Extensive peer BOLI monitoring
- ✓ **Comprehensive Updates**— Quarterly review of BOLI market activity



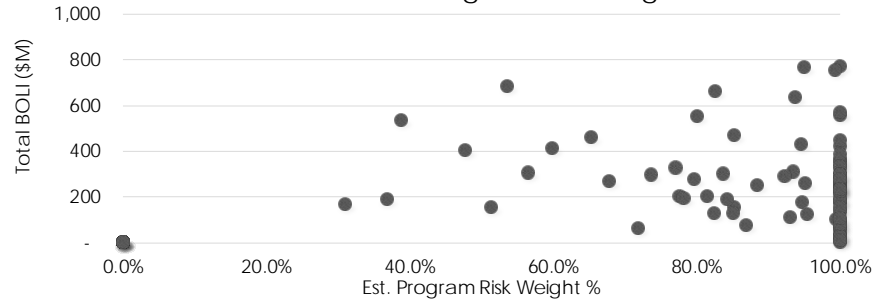
Market Analytics By Bank Size

Banks with \$10B to \$50B in Total Assets

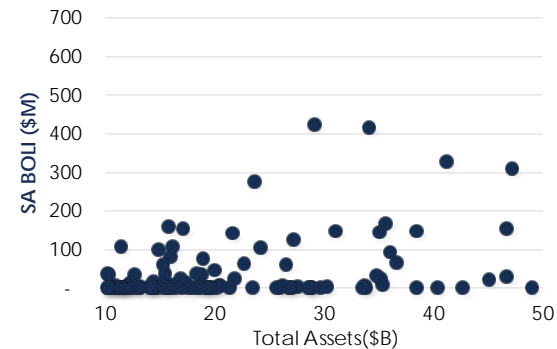
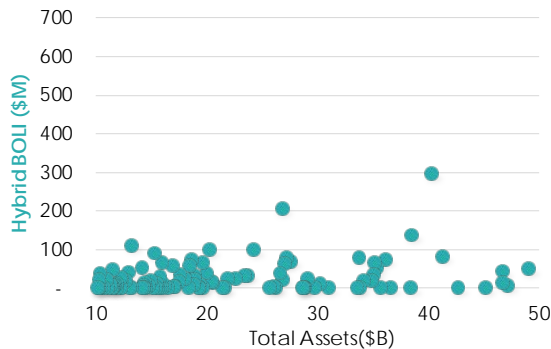
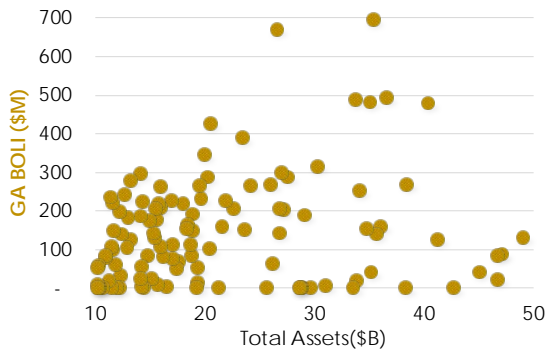
95 of 115 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	16,596	2,958	4,538	24,091	10%
Average	144	26	39	209	12%
Last Q # of Increases	19	1	-	20	
Increase Total (\$M)	1,199	100	-	1,299	
Last Q # of Decreases	-	-	-	-	
Decrease Total (\$M)	-	-	-	-	

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with \$10B to \$50B in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2021-Q2	16	1,167	4	132	20	1,299	0	0	0	0	0	0
1-Year	24	1,588	8	334	32	1,922	1	-44	1	-15	2	-59
3-Year	29	1,881	18	775	47	2,656	5	-151	5	-162	10	-313
5-Year	56	3,546	27	1,093	83	4,639	6	-175	7	-275	13	-451
SA												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	1	-44	1	-15	2	-59
3-Year	0	0	0	0	0	0	3	-105	3	-114	6	-219
5-Year	1	30	4	133	5	163	3	-105	4	-144	7	-249
GA												
2021-Q2	15	1,067	4	132	19	1,199	0	0	0	0	0	0
1-Year	23	1,488	8	334	31	1,822	0	0	0	0	0	0
3-Year	28	1,781	18	775	46	2,556	1	-4	2	-48	3	-52
5-Year	53	3,402	23	961	76	4,363	2	-29	3	-131	5	-160
HYBRID												
2021-Q2	1	100	0	0	1	100	0	0	0	0	0	0
1-Year	1	100	0	0	1	100	0	0	0	0	0	0
3-Year	1	100	0	0	1	100	1	-42	0	0	1	-42
5-Year	2	114	0	0	2	114	1	-42	0	0	1	-42

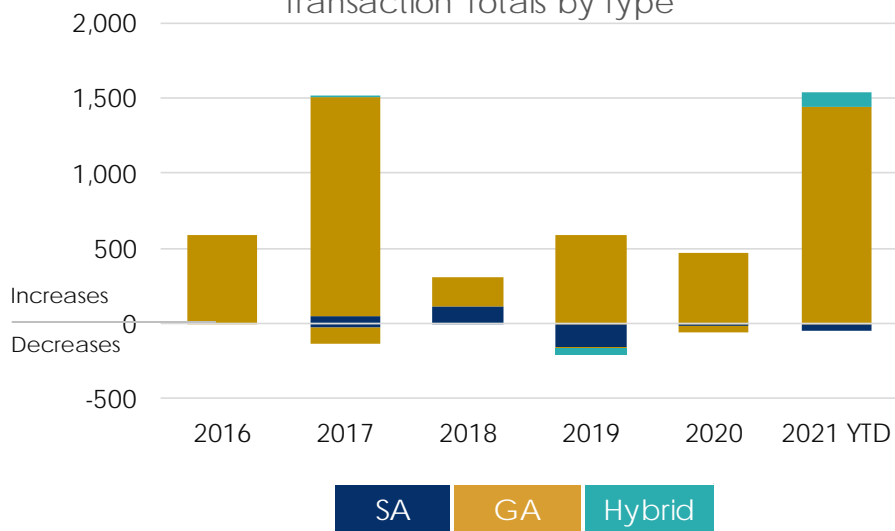
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with \$10B to \$50B in Total Assets

Transaction Totals by Type



Current Quarter Activity (in \$Millions)

Simmons First National	Purchase	GA	160	Dime Community Bancshares	Purchase	GA	40
Pacific Premier	Purchase	GA	150	Nbt	Purchase	GA	40
South State	Purchase	GA	106	Hancock Whitney	Purchase	GA	30
Umb	Purchase	GA	100	Cvb Financial	Purchase	GA	25
Ameris	Purchase	GA	100	Tristate Capital	Purchase	GA	25
Atlantic Union	Purchase	GA	100	Axos Financial	Increase	GA	50
South State	Purchase	Hybrid	100	Israel Discount Bank of NY	Increase	GA	38
United Bankshares	Purchase	GA	50	Sandy Spring	Increase	GA	18
Great Western	Purchase	GA	50	Eagle Bcorp	Increase	GA	31
Customers	Purchase	GA	46	Fulton Financial	Increase	GA	12
Renasant	Purchase	GA	45				

Recent Notable Actions

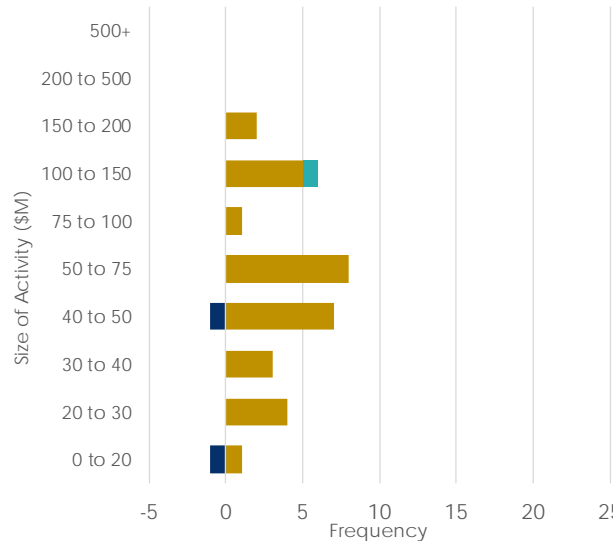
- In 2021-Q1 Great Western purchased \$100 million of GA
- In 2020, UMB purchased a total of \$100 million of GA
- In 2019-Q3 Fulton Bank purchased \$100 million of GA
- In 2019 Apple Bank for Savings purchased a total of \$152 million of GA

Frequency of BOLI Transaction Sizes

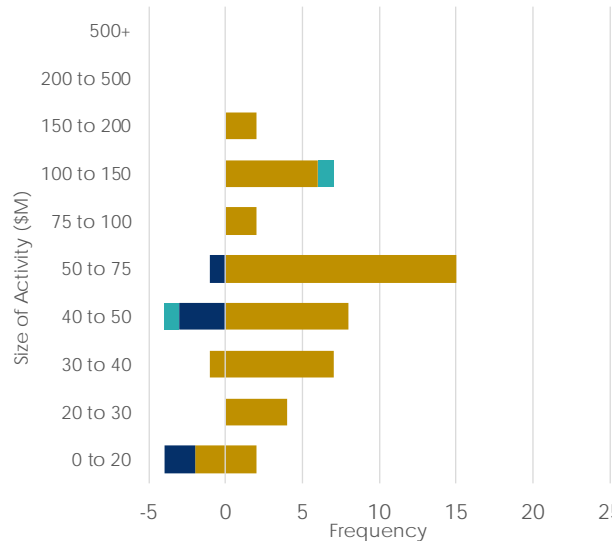
Banks with \$10B to \$50B in Total Assets

- With a few outliers, most purchases for these sized banks are under \$75 million
- Decreases have been primarily under \$50 million

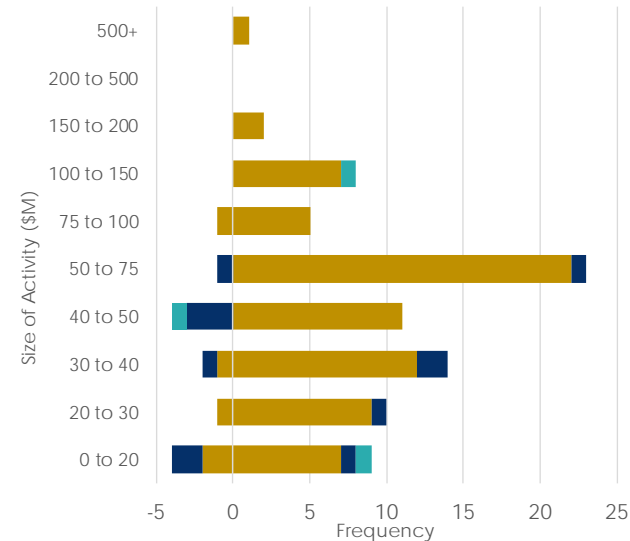
1-Year



3-Year



5-Year



Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

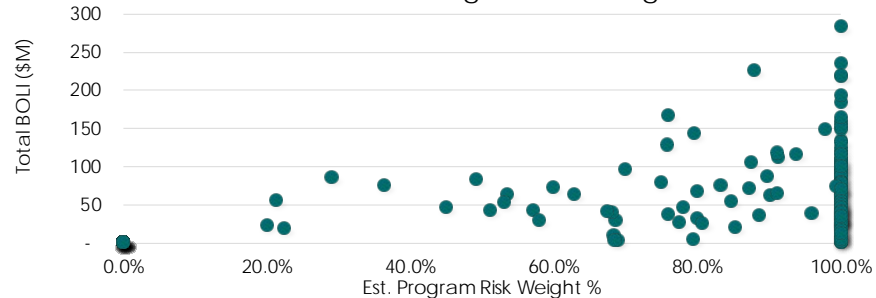
Market Analytics By Bank Size

Banks with \$2B to \$10B in Total Assets

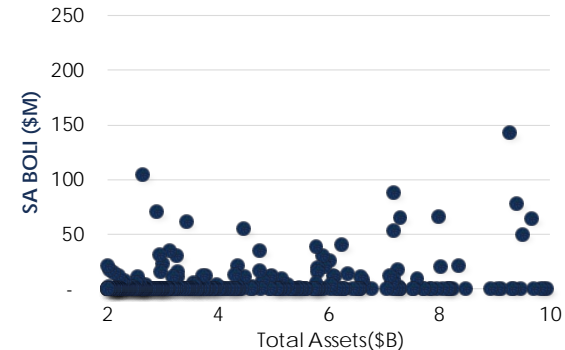
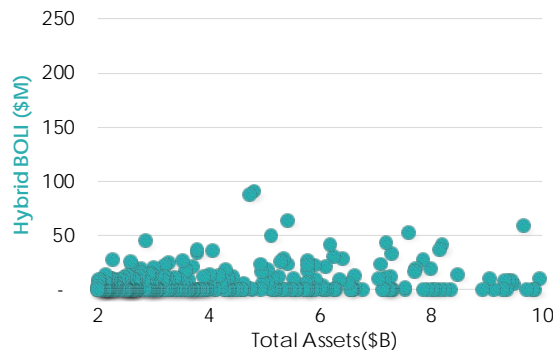
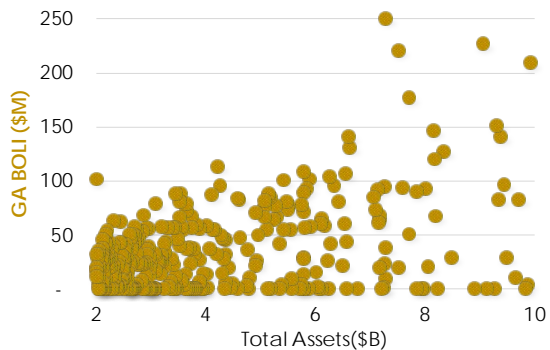
274 of 331 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	12,246	2,156	1,691	16,093	10%
Average	37	7	5	49	11%
Last Q # of Increases	28	-	-		
Increase Total (\$M)	530	-	-		
Last Q # of Decreases	-	-	-		
Decrease Total (\$M)	-	-	-		

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with \$2B to \$10B in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2021-Q2	13	288	15	242	28	530	0	0	0	0	0	0
1-Year	31	735	25	462	56	1,196	0	0	2	-56	2	-56
3-Year	46	1,056	42	738	88	1,795	0	0	7	-183	7	-183
5-Year	82	1,732	77	1,492	159	3,224	2	-103	10	-255	12	-358
SA												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	1	60	0	0	1	60	0	0	0	0	0	0
3-Year	1	60	1	16	2	76	0	0	0	0	0	0
5-Year	2	70	5	95	7	165	1	-40	2	-57	3	-97
GA												
2021-Q2	13	288	15	242	28	530	0	0	0	0	0	0
1-Year	30	675	25	462	55	1,136	0	0	2	-56	2	-56
3-Year	45	996	41	722	86	1,719	0	0	7	-183	7	-183
5-Year	78	1,638	71	1,380	149	3,019	1	-63	8	-198	9	-261
HYBRID												
2021-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	0	0	0	0
3-Year	0	0	0	0	0	0	0	0	0	0	0	0
5-Year	2	24	1	17	3	41	0	0	0	0	0	0

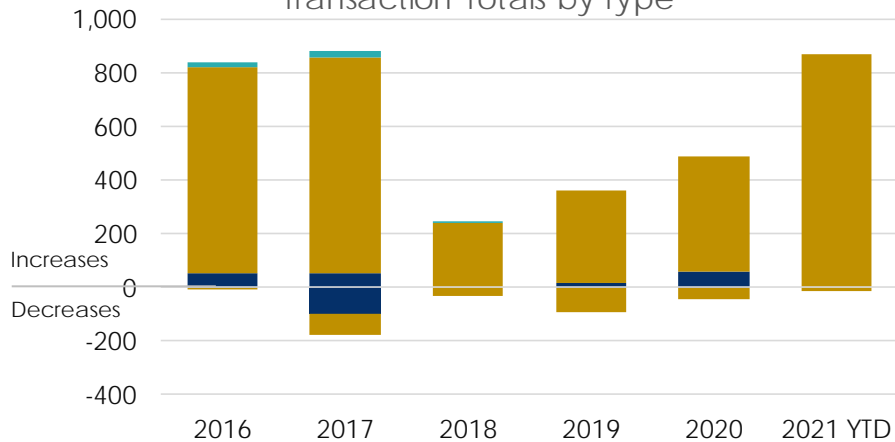
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with \$2B to \$10B in Total Assets

Transaction Totals by Type



SA

GA

Hybrid

Current Quarter Activity

Green Dot Corp	Purchase	GA	50	Btc Financial Corp	Increase	GA	44
Capital Bank	Purchase	GA	35	American Bancor Ltd	Increase	GA	11
Republic Bcorp	Purchase	GA	30	Johnson Financial Group Inc	Increase	GA	10
Connectone	Purchase	GA	25	Peoplesbancorp Mhc	Increase	GA	10
Seacoast	Purchase	GA	25	Wilson Bank Holding Co	Increase	GA	10
Bridgewater Bancshares	Purchase	GA	25	First National Bank Texas	Increase	GA	25
Cnb Financial Corp	Purchase	GA	22	D. L. Evans Bank	Increase	GA	24
Rbb Bcorp	Purchase	GA	20	Needham Bank	Increase	GA	20
Spirit of Texas Bank	Purchase	GA	15	Inst. for Savings in Newburyport	Increase	GA	17
Level One Bank	Purchase	GA	11	First Federal SLA of Lakewood	Increase	GA	15
Central Valley Comm.	Purchase	GA	10	First Farmers Bank & Trust Co.	Increase	GA	15
Macatawa Bank	Purchase	GA	10	Lakeside Bank (IL)	Increase	GA	10
First Financial Corp	Purchase	GA	10	Choice Financial Group	Increase	GA	10
				First Dakota National Bank	Increase	GA	10
				Cashmere Valley Bank	Increase	GA	10

Recent Notable Actions

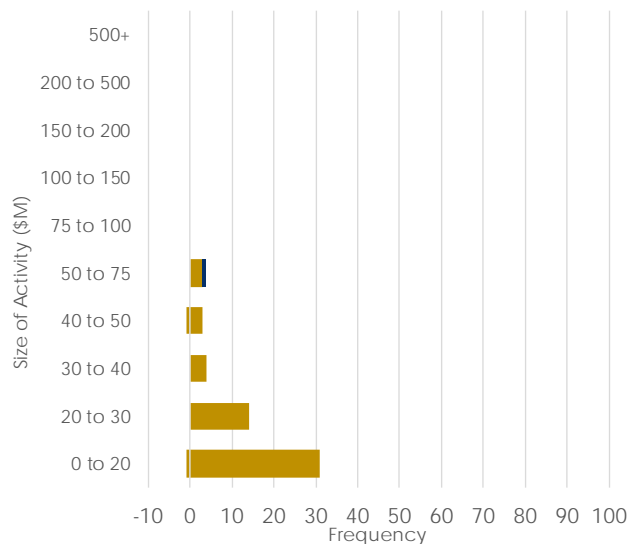
- In 2021-Q1 Byline purchased \$50 million of GA
- In 2020-Q3 Bank Leumi's GA increased ~\$53 million
- In 2020-Q3, BCB Community Bank purchased \$60 million of SA

Frequency of BOLI Transaction Sizes

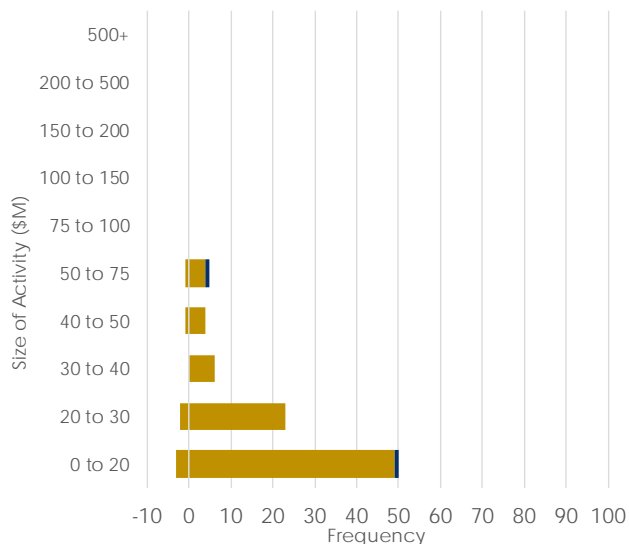
Banks with \$2B to \$10B in Total Assets

- This smaller bank tier has not seen a recent purchase over \$75 million, with the majority under \$30 million
- Purchase activity slowed post 2018

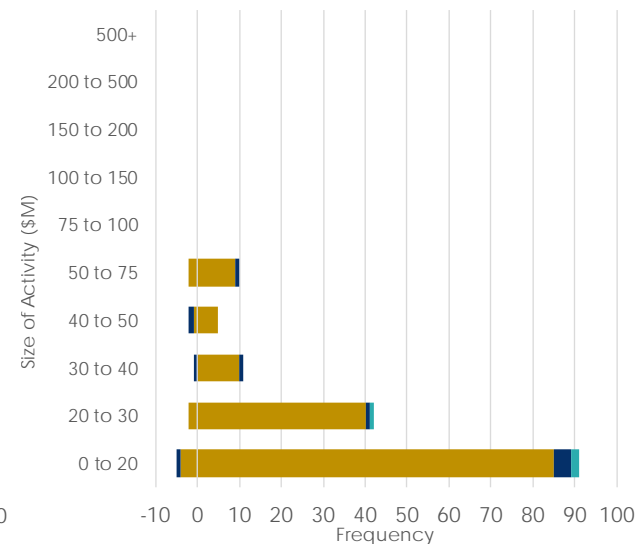
1-Year



3-Year



5-Year



BOLI Industry Allocations & Analytics

MBSA BOLI Industry Allocations Study

Our ongoing study attempts to track how SA BOLI is allocated over time

Gathered SA BOLI AUM data is categorized into portfolio types

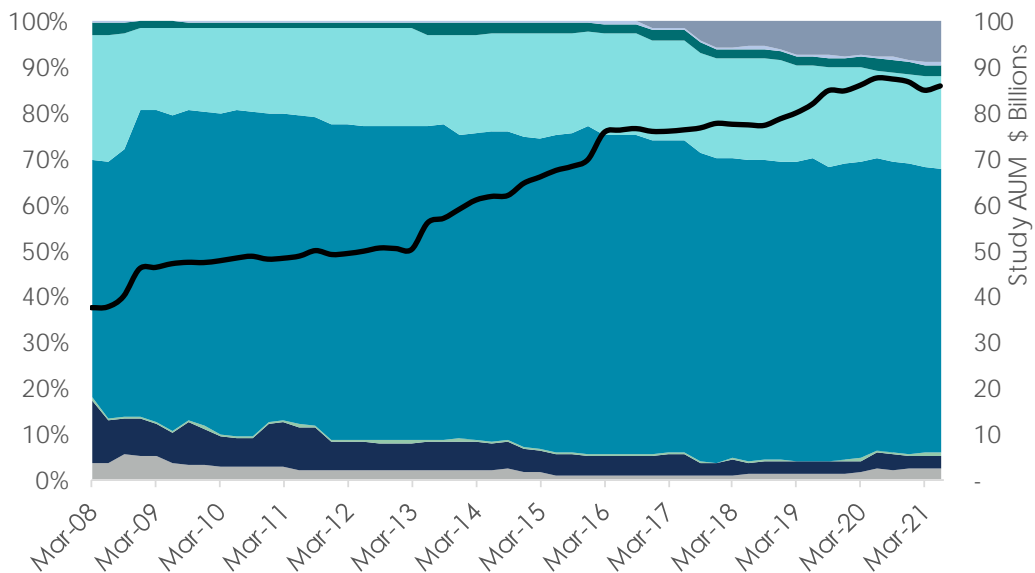
- Capital Efficient / Multi-Sector / Target RW
- High Yield
- Credit
- Core Fixed Income
- MBS / Securitized (ABS / CMBS)
- CLO / Bank Loan
- Short Duration
- Government

Portfolio types represent full portfolio MVs and do not look through to the holdings sector weights

Currently comprises \$85 billion – a massive share of the industry

SA BOLI Industry Allocations

SA BOLI Allocations Over Time

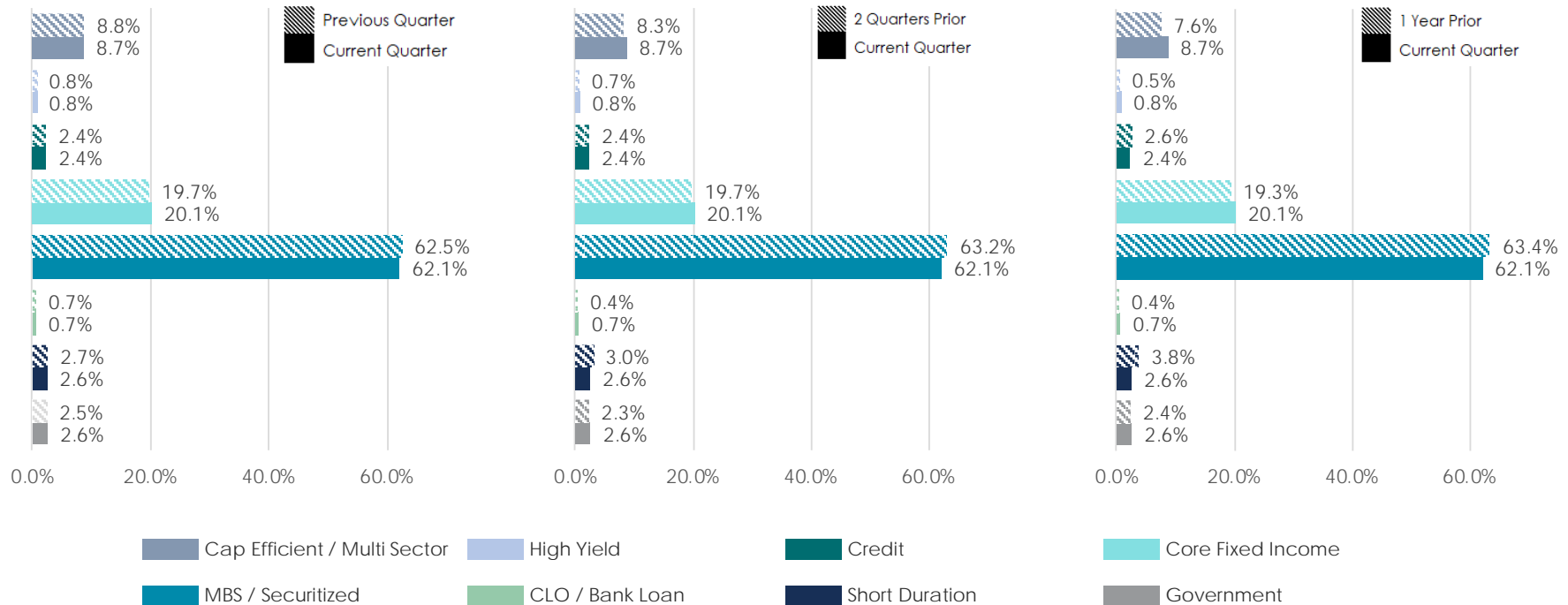


2021-Q2 Weights

Cap Efficient / Multi Sector	8.7%
High Yield	0.8%
Credit	2.4%
Core Fixed Income	20.1%
MBS / Securitized	62.1%
CLO / Bank Loan	0.7%
Short Duration	2.6%
Government	2.6%

— Black line (right axis) shows aggregate assets comprised in our study (number of participants have grown over time)

Recent Allocation Changes



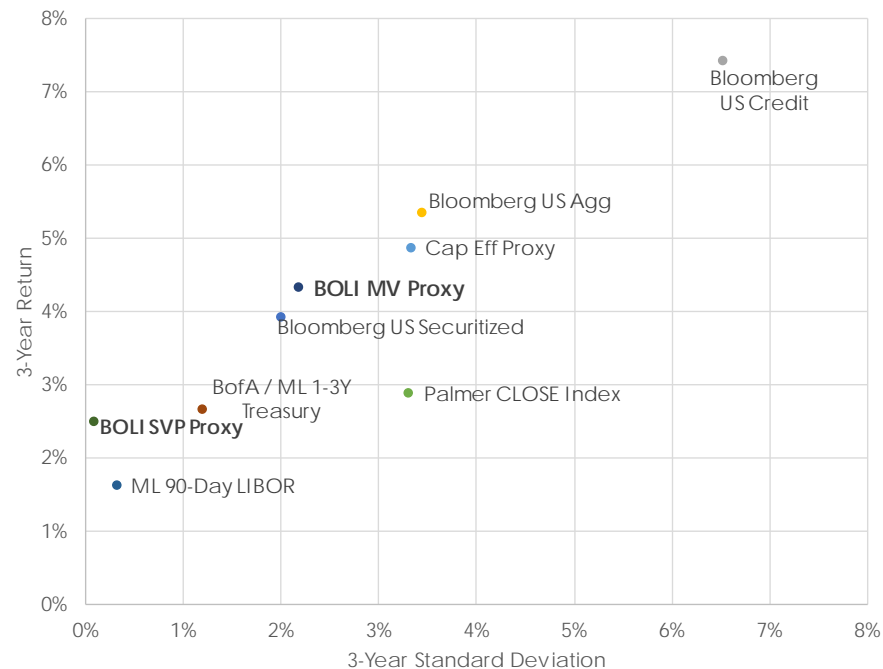
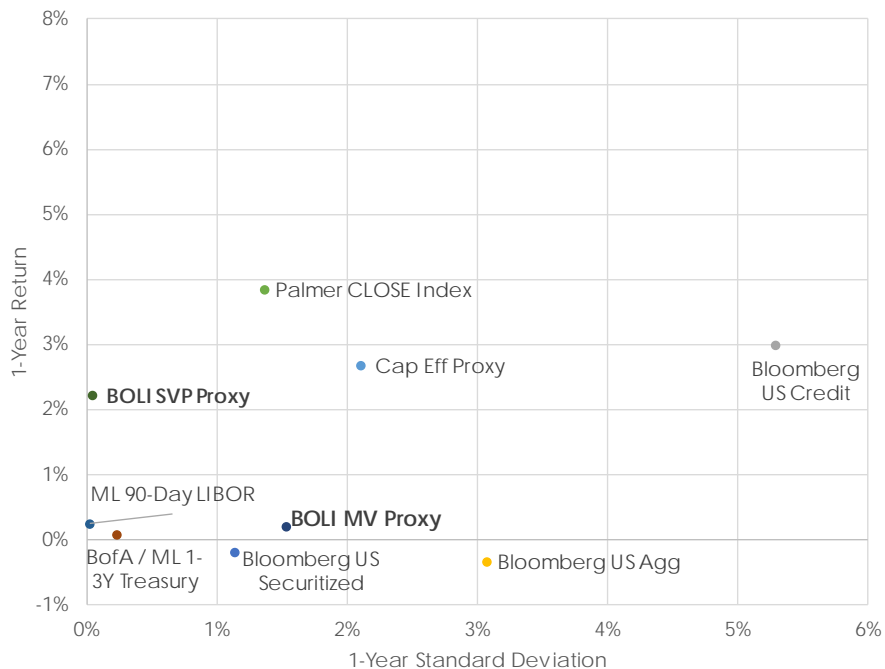
Investment Performance Proxy

Using common benchmarks for the categories, a proxy for the industry's SA Q2 MV performance is estimated at 0.86%

	Benchmark	Quarter	1-Year	3-Year	5-Year	Weights
Cap Efficient / Multi Sector	[Proxied by a sector blend]	1.39%	2.68%	4.88%	3.35%	8.72%
High Yield	<i>Bloomberg High Yield</i>	1.04%	11.11%	7.25%	6.71%	0.79%
Credit	<i>Bloomberg US Credit</i>	3.31%	2.99%	7.43%	4.64%	2.39%
Core Fixed Income	<i>Bloomberg US Agg</i>	1.83%	-0.33%	5.34%	3.03%	20.14%
MBS / Securitized	<i>Bloomberg US Securitized</i>	0.44%	-0.20%	3.93%	2.35%	62.09%
CLO / Bank Loan	<i>Palmer CLOSE Index</i>	0.37%	3.85%	2.89%	3.00%	0.67%
Short Duration	<i>ML 90-Day LIBOR</i>	0.05%	0.25%	1.64%	1.46%	2.56%
Government	<i>BofA / ML 1-3Y Treasury</i>	-0.03%	0.07%	2.67%	1.59%	2.64%
Industry Proxy MV Performance using rolling weights:		0.86%	0.20%	4.33%	2.60%	
Industry Proxy Stable Value Performance:		0.52%	2.22%	2.51%	2.47%	

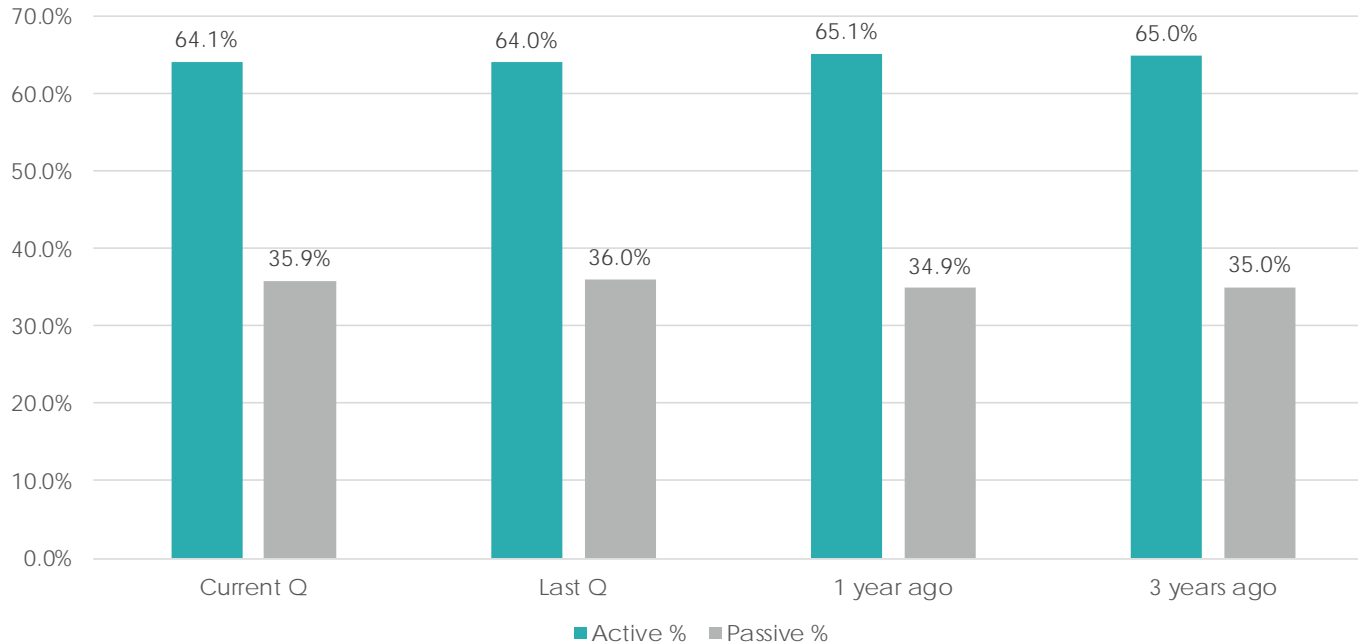
Stable Value performance represents book value growth of the industry proxy under a standard crediting rate formula beginning (MV=BV) in 2013

1 & 3-Year Risk/Return Plots with BOLI



Data as of 2021-Q2

Active / Passive Breakdown



Legislative, Regulatory, Judicial, Tax and Accounting Updates

Noteworthy Judicial Developments

USAA Class Action COI Settlement Approved (Aug)

- As we reported in our [April 2021 LRA Update](#), the parties in *Spegele v. USAA Life* agreed to a class action settlement. The plaintiffs alleged that USAA violated the terms of its universal life insurance policies by deducting COI charges in amounts greater than the policies authorized.
- The policies in scope included a provision stating that COI rates would be determined by USAA Life “based on its expectations as to future mortality experience.” Plaintiffs alleged that USAA Life included additional, unauthorized factors in setting the COI rates, including undisclosed maintenance and administrative expense factors.
- The parties reached a \$90 million settlement. On August 26 the Court issued its final orders and judgments, granting approval of the settlement and awarding attorneys’ fees in the amount of 30% of the settlement (or \$27 million). The Court also granted the Class Counsel’s request for reimbursements in the amount of ~\$176k.
- The named plaintiff (Roy Spegele) was awarded an incremental \$20,000 payment for his contributions to the litigation on behalf of the class.

Docket: Spegele vs. USAA Life Insurance Company, Case No. 5:17-cv-967-OLG

Noteworthy Tax Developments

Groom Law Group Asks IRS to Provide Guidance on Repurposing Surplus VEBA Assets (Jun)

- On May 28, Groom Law Group principals Louis Mazawey and Kathryn Bjornstad Amin sent a [letter](#) to the IRS, recommending that Treasury and the IRS publish official guidance confirming that the 100% excise tax on VEBA reversions would not apply when an employer “repurposes” surplus retiree benefit assets in a welfare benefit fund to provide health and other welfare benefits to active employees.
- According to the letter, the IRS has issued private letter rulings confirming that the 100% excise tax would not apply when an employer repurposes retiree medical assets to pay active medical benefits.

IRS Issues PLR Affirming that a Transfer of Insurance Policies from a Parent to a Subsidiary Retains Tax Exempt Status (Jul)

- On July 2, the IRS publicly released PLR-118450-18 (PLR 202126003) regarding a contemplated transfer of life insurance contracts within a consolidated group of corporations. The PLR involved the Parent and three subsidiaries:
 - ❖ Sub1 is a wholly owned subsidiary of Parent;
 - ❖ Sub2 is a wholly owned subsidiary of Sub1; and
 - ❖ Sub3 is a wholly owned subsidiary of Sub2.
- Parent holds life insurance policies on certain employees and former employees (the “Policies”).

Continued...

Noteworthy Tax Developments

IRS Issues PLR Affirming that a Transfer of Insurance Policies from a Parent to a Subsidiary Retains Tax Exempt Status (Jul)

...Continued

- In the following set of **Proposed Transactions**, the Parent plans to effectively transfer the Policies to Sub3:
 - ❖ i. In a transaction represented to qualify under Section 351(b), Parent will contribute the Policies to Sub1 in exchange for cash (in an amount less than the aggregate built-in gain in the Policies) and a constructive issuance of stock of Sub1 (the "First Contribution").
 - ❖ ii. In a transaction represented to qualify under Section 351(a), Sub1 will contribute the Policies to Sub2 in exchange solely for a constructive issuance of stock of Sub2 (the "Second Contribution").
 - ❖ iii. In a transaction represented to qualify under Section 351(a), Sub2 will contribute the Policies to Sub3 in exchange solely for a constructive issuance of stock of Sub3 (the "Third Contribution").
- The PLR did not clarify the amount of cash consideration (or how it was determined) in transaction (i). The Parent Group represented that it intends to hold the Policies until maturity.

Continued...

Noteworthy Tax Developments

IRS Issues PLR Affirming that a Transfer of Insurance Policies from a Parent to a Subsidiary Retains Tax Exempt Status (Jul)

...Continued

- The PLR set forth the following relevant **attributes of the tax law**:
 - ❖ Section 101(a)(1) excludes from gross income amounts paid under a life insurance contract “by reason of the death of the insured.”
 - ❖ Section 101(a)(2) limits the exclusion under Section 101(a)(1) to the value of the consideration plus other amounts paid (e.g., premiums) if a life insurance contract has been transferred for valuable consideration.
 - ❖ Section 101(a)(2)(A) provides that this limitation does not apply if the life insurance contract has a transferred basis, in whole or in part (the “Carryover Basis Exception”).
 - ❖ Section 362(a) provides that property acquired by a corporation in connection with a transaction to which Section 351 applies has a transferred basis, in whole or in part.
 - ❖ Section 101(a)(3) provides that the limitation does apply, even if the life-insurance contract has a transferred basis, in whole or in part, in the case of a transfer for valuable consideration that is a reportable policy sale.
 - ❖ Under Treas. Reg. § 1.101-1(c)(2)(ii), a transfer between members of a consolidated group is not a reportable policy sale.
 - ❖ Section 1.1502-13(c)(6) provides that under § 1.1502-13(c)(1)(i), S’s intercompany item might be redetermined to be excluded from gross income or treated as a noncapital, nondeductible amount. However, S’s intercompany income or gain is redetermined to be excluded from gross income only to the extent §§ 1.1502-13(c)(6)(ii)(A), (B), (C), or (D) applies.
 - ❖ Section 1.1502-13(c)(6)(ii)(D) provides that, under certain circumstances, the Commissioner may determine that treating S’s intercompany item as excluded from gross income is consistent with the purposes of § 1.1502-13 and other applicable provisions of the Internal Revenue Code (the “Code”), regulations, and published guidance.

Continued...

Noteworthy Tax Developments

IRS Issues PLR Affirming that a Transfer of Insurance Policies from a Parent to a Subsidiary Retains Tax Exempt Status (Jul)

...Continued

- Subject to the representations made and conditioned on the execution of a closing agreement, the IRS **ruled** as follows:
 - ❖ For purposes of determining the amount of the Policy proceeds excludable from gross income under Section 101(a)(1), the First Contribution is a transfer that qualifies for the Carryover Basis Exception.
 - ❖ Any gain arising from the First Contribution under Section 351(b) (the “Boot Gain”) is redetermined to be excluded from gross income under Treas. Reg. § 1.1502-13(c)(6)(ii)(D).
 - ❖ No member of the Parent Group will increase the basis of any asset (including basis in the stock of any member of the Parent Group) as a result of the Boot Gain (for example, under Section 358(a)(1)(B)(ii), Section 362(a), or Treas. Reg. § 1.1502-32).
- This ruling is consistent with our prior understanding that it is generally possible (though complex) to transfer life insurance policies from a Parent down the chain to subsidiary entities. This PLR is the first we have seen to clarify the use of the exception to the Reportable Policy Sale rules in Treas. Reg. § 1.101-1(c)(2)(ii).

Noteworthy Accounting Developments

Bank Accounting Advisory Series Updated (Aug)

- On August 16 the OCC released an update to its Bank Accounting Advisory Series (“BAAS”). The BAAS addresses a variety of accounting topics, with an objective of promoting consistent application of accounting standards among banks.
- We have confirmed that the updates do not relate to BOLI/COLI programs. Material updates include the following:

NEW	Subtopic 2E	Loans Held for Sale	Question 4
	Subtopic 8C	Employee Stock Options	Question 2
	Subtopic 11E	Grants Received by Banks	Questions 1 and 2
UPDATED	Subtopic 1A	Investments in Debt and Equity Securities	Question 19
	Subtopic 2E	Loans Held for Sale	Questions 3 and 15
	Subtopic 10B	Intangible Assets	Questions 1A and 7A

- According to the press release, the BAAS does not represent rules or regulations of the OCC. Rather, it represents the OCC Office of the Chief Accountant’s interpretations of GAAP.

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LEGISLATIVE, REGULATORY, JUDICIAL,
AND ACCOUNTING DEVELOPMENTS



Noteworthy Regulatory Developments

Banking Regulators Release Proposed Interagency Guidance for Third-Party Relationship Risk Management (Jul)

- On July 13, the FDIC, FRB, and OCC released [Proposed Interagency Guidance on Third-Party Relationships](#). The proposed guidance would replace each agency's existing guidance on this topic and, according to the preamble, is largely based on the OCC's current guidance ([OCC 2013-29](#)).
- Under this guidance, a third-party relationship is broadly defined as "any business arrangement between a banking organization and another entity, by contract or otherwise." The document notes that neither a written contract nor a monetary exchange is necessary to establish a business arrangement.
- In addition to BOLI vendors who are clearly third-party relationships, BOLI insurance carriers are likely to be deemed third-party relationships under this guidance.
- The guidance recommends employing a third-party management life cycle with distinct steps for Planning, Due Diligence, Contract Negotiation, Ongoing Monitoring, and Termination.
- The guidance will be open to public comment until September 17, 2021.

Noteworthy Legislative Developments

Colorado Legislature Passes Privacy Law (Jun)

- On June 25, after passage in the Colorado legislature, the Colorado Privacy Act was sent to the Governor for signature. The law is expected to be enacted and will become effective 1/1/2023. Colorado will be the third state to enact comprehensive privacy laws (following California and Virginia).
- The Colorado law uses the terms, “Controller” and “Processor.” A Controller is an entity that “... determines the purposes for and means of processing personal data.” A Processor is an entity that processes personal data on behalf of a Controller. “Processing” means the collection, use, sale, storage, disclosure, analysis, deletion, or modification of personal data and includes the actions of a Controller directing a Processor to process personal data.
- Personal Data is defined broadly to mean “...information that is linked or reasonably linkable to an identified or identifiable individual”; however, it does not include de-identified data or publicly available information.
- The Colorado law exempts numerous entities and types of data from the statute, including
 - ❖ Data maintained for employment records purposes; and
 - ❖ A financial institution or an affiliate of a financial institution as defined by and subject to the Federal Gramm-Leach-Bliley Act and implementing regulations.
- Therefore, we do not anticipate direct applicability to BOLI owners or programs. We will review the law more closely in the coming months.

Noteworthy Legislative Developments

Government Infrastructure and Tax Legislation Update (Aug)

- On August 10 the Senate passed the bipartisan INVEST in America Act ([H.R. 3684](#)). At present, the bill is expected to receive a House vote in conjunction with the passage of the additional \$3.5 trillion budget reconciliation measure.
- On August 24 the House voted to approve the [fiscal year 2022 budget resolution](#) that provides reconciliation instructions. The resolution had been passed by the Senate on August 11. Next, the House Ways and Means Committee and the Senate Finance Committee will work to draft reconciliation legislation. A non-binding target of September 15 has been identified for this legislation.
- The Senate Finance Committee has been given an instruction to reduce the deficit by \$1 billion over ten years. It remains anticipated that this will be accomplished, at least in part, by raising corporate tax rates and taxes on wealthy individuals.

Other Noteworthy Developments

[None covered this quarter]

- For prior recent developments, see historical LRJA updates on our [website](#).

Insurance Company and Counterparty Updates

Current S&P Financial Strength Ratings

Insurance Carriers Rated AAA

- None

Insurance Carriers Rated AA+

- Guardian Life Insurance Company of America
- Massachusetts Mutual Life Insurance Co.
- New York Life Insurance Company
- Northwestern Mutual Life Insurance Company
- USAA Life Insurance Company

Insurance Carriers Rated AA

- Canada Life Assurance Co. (US Branch)
- Great-West Life and Annuity Insurance Co.
- Zurich Insurance Company

Insurance Carriers Rated AA-

- John Hancock Life Insurance Company (USA)
- Lincoln National Life Insurance Company
- Metropolitan Life Insurance Company
- Metropolitan Tower Life Insurance Company
- Pacific Life Insurance Company
- Pruco Life Insurance Company
- Prudential Insurance Company of America
- West Coast Life Insurance Company

Insurance Carriers Rated A+

- American General Life Insurance Company
- Ameritas Life Insurance Corp
- Athene Annuity and Life Company
- Brighthouse Life Insurance Company
- Equitable Financial Life Insurance Company
- Equitable Financial Life Insurance Company of America
- Midland National Life Insurance Company
- MONY Life Insurance Company
- National Life Insurance Company of Vermont
- Nationwide Life & Annuity Insurance Company
- Nationwide Life Insurance Company
- Principal Life Insurance Company
- Reliastar Life Insurance Company
- Transamerica Life Insurance Company
- U.S. Life Insurance Company in The City of NY

Insurance Carriers Rated A

- Connecticut General Life Insurance Company
- Jackson National Life Insurance Company
- Symetra Life Insurance Company
- Zurich American Life Insurance Company

Insurance Carriers Rated A-

- Security Life of Denver Insurance Company

Insurance Carriers Rated BBB+

- Delaware Life Insurance Company

Insurance Carriers Rated BBB

- Talcott Resolution Life Insurance Company

*Categories based on S&P's Financial Strength Rating as of August 16, 2021

Current Moody's Financial Strength Ratings

Insurance Carriers Rated Aaa

- New York Life Insurance Company
- Northwestern Mutual Life Insurance Company

Insurance Carriers Rated Aa1

- USAA Life Insurance Company

Insurance Carriers Rated Aa2

- Guardian Life Insurance Company of America

Insurance Carriers Rated Aa3

- Canada Life Assurance Co. (US Branch)
- Great-West Life and Annuity Insurance Co.
- Massachusetts Mutual Life Insurance Co.
- Metropolitan Life Insurance Company
- Metropolitan Tower Life Insurance Company
- Pacific Life Insurance Company
- Pruco Life Insurance Company
- Prudential Insurance Company of America
- Zurich Insurance Company

Insurance Carriers Rated A1

- John Hancock Life Insurance Company (USA)
- Lincoln National Life Insurance Company
- MONY Life Insurance Company
- National Life Insurance Company of Vermont
- Nationwide Life & Annuity Insurance Company
- Nationwide Life Insurance Company
- Principal Life Insurance Company
- Symetra Life Insurance Company
- Transamerica Life Insurance Company
- West Coast Life Insurance Company

Insurance Carriers Rated A2

- American General Life Insurance Company
- Connecticut General Life Insurance Company
- Equitable Financial Life Insurance Company
- Equitable Financial Life Insurance Co. of America
- Jackson National Life Insurance Company
- Reliastar Life Insurance Company
- U.S. Life Insurance Company in The City of NY

Insurance Carriers Rated A3

- Allstate Life Insurance Company
- Brighthouse Life Insurance Company
- Zurich American Life Insurance Company

Insurance Carriers Rated Baa1

- Security Life of Denver Insurance Company

Insurance Carriers Rated Baa2

- None

Insurance Carriers Rated Baa3

- Talcott Resolution Life Insurance Company

*Categories based on Moody's Insurance Financial Strength Rating as of August 16, 2021

Ratings or Outlook Revisions

American General Life Insurance Company

- Outlook changed from Stable to **Negative** by Moody's (Jul)

American International Group, Inc

- Rating **Downgraded** from Baa1 to Baa2 by Moody's (Jul)

Athene Annuity and Life Company

- Rating **Upgraded** from A to A+ by S&P (Jun)

Bank of America, N.A.

- Rating **Upgraded** from AA- to AA by Fitch (Jun)
- Outlook changed from Stable to **Positive** by S&P (Jun)

Guardian Life Insurance Company of America

- Outlook changed from Stable to **Positive** by Moody's (Aug)

JPMorgan Chase Bank, N.A.

- Outlook changed from Stable to **Positive** by S&P (Jun)

MONY Life Insurance Company

- Outlook changed from Stable to **Positive** by Fitch (Jul)

Pacific Life Insurance Company

- Rating **Upgraded** from A1 to Aa3 by Moody's (Aug)

Principal Life Insurance Company

- Outlook changed from Stable to **Positive** by S&P (Jul)

Royal Bank of Canada

- Rating **Downgraded** from AA to AA- by Fitch (Jul)

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Ratings or Outlook Revisions

U.S. Life Insurance Company in the City of NY

- Outlook changed from Stable to **Negative** by Moody's (Jul)

USAA Life

- Outlook changed from Negative to **Stable** by Moody's (Jun)

West Coast Life Insurance Company

- Outlook changed from Stable to **Positive** by Fitch (Jul)

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Industry Developments

American International Group (Jul)

- On July 14, AIG announced plans to sell a 9.9% equity stake in its Life & Retirement Business to Blackstone for \$2.2 billion. As part of the agreement, AIG will enter into a long-term strategic asset management relationship where Blackstone will initially manage \$50 billion of Life & Retirement assets, with the amount of assets increasing to \$92.5 billion over the next 6 years. The sale is expected to be finalized in Q3 2021, subject to closing conditions.
- The AIG press release notes that the transaction, in addition to the sale of affordable housing assets, will provide AIG significant financial flexibility and support AIG's progress towards separating the Life & Retirement Business from the AIG parent company. As reported in May 2021, AIG is using an IPO to sell a 19.9% stake in the Life & Retirement business.

Talcott Resolution (Jul)

- Sixth Street completed the [acquisition of Talcott Resolution](#) on July 1, 2021. In testimony filed with the Connecticut Insurance Department, Sixth Street listed growth initiatives through acquisitions and/or reinsurance agreements in its plan of operations. Following the completion of Talcott Resolution by Sixth Street, Talcott has agreed to acquire Lombard International Administrative Services Company (LIASC) from Blackstone with the deal expected to close in Q3 2021. LIASC currently provides administrative services for Talcott's BOLI business.

Principal Life Insurance Company (Jul)

- On June 28, Principal announced the results of its [strategic review](#), including the discontinuation of all US retail fixed annuities and consumer life insurance products. Principal is seeking strategic alternatives, including divestiture, of the fixed annuity and individual life insurance businesses.

Industry Developments

Prudential Retirement Business (Aug)

- On July 21, Prudential [announced](#) that they have entered into a definitive agreement for Empower to acquire Prudential's retirement business. The transaction is expected to close in Q1 2022, pending regulatory approvals.
- The press release notes that Empower will acquire Prudential's defined contribution, defined benefit, non-qualified and rollover IRA business in addition to its stable value and separate account investment products and platforms. MBSA has confirmed with Prudential that the institutional stable value is not a part of the transaction.

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✓ Monthly Newsletter

Curated information covering insurance companies and counterparty exposures within your BOLI program

Custom Reports

Net Rating Changes by Period (Number of Notches)					
2019 Q4	2019 Q3	2019 YTD	2018	2017	2016
-	-	-	-	-	-
-	-	-	1	-	-
-	-1	-1	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-2	-	-
-	-	-	-1	-	-
-	-	-	-1	-	-

Custom reports show historical changes to ratings to view stability and trends over time

Insurance Carriers	Current Financial Strength Ratings			Net Rating Changes by Period (Number of Notches)											
	Agency	Rating	Outlook	2019 Q4	2019 Q3	2019 YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010
Carrier 1	S&P	A+	Stable	-	-	-	-	-	-	-	-	-	-	-	-1
	Fitch	A+	Positive	-	-	-	1	-	-	1	-	-	-	-	-1
	Moody's	A2	Stable	-	-1	-1	-	-	-	-	-	-	-	-	-
Carrier 2	S&P	AA	Stable	-	-	-	-	-	-	-	-	-	-	-	-
	Fitch	AA	Stable	-	-	-	-	-	-	-	-	-	-	-	-1
	Moody's	Aa3	Stable	-	-	-	-	-	-	-	-	-	-	-	-
Carrier 3	S&P	A	Negative	-	-	-	-2	-	-	-	1	1	-	-	-
	Fitch	A	Stable	-	-	-	-1	-	-	-	1	-	-	-	-
	Moody's	A2	Stable	-	-	-	-1	-	-	-	1	-	-	-	-

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