



# Evolving Trends in Bank-Owned Life Insurance Market

Complimentary Edition – 2023-Q3

December 2023

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# Economic Backdrop

# Economic Updates

## Federal Reserve & Yield Curve

- All tenors of the yield curve increased during the quarter, along with a curve steepening
  - The 10Y portion of the curve increased over 70bps
- FOMC participants raised their median dot plot by 50bp for 2024, and probabilities of a “soft landing” increased

## Sector Returns

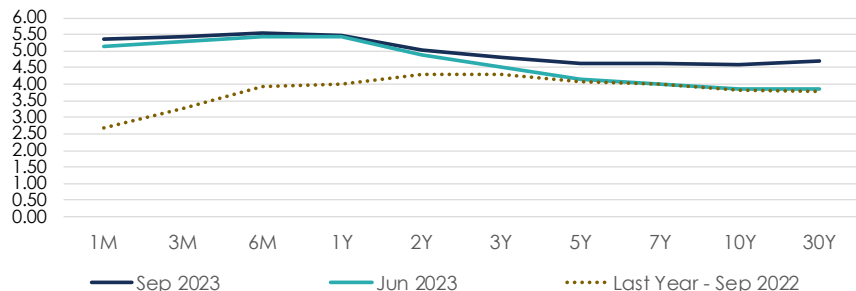
- While other securitized spreads tightened, agency MBS spreads widened during Q3
- Almost all fixed income sectors had negative absolute Q3 performance with ABS once again being slightly positive. CLOs were again a bright spot, returning over 2.4%.
- The S&P 500 returned -3.27%, but the energy sector was +12.22%

## US Economy

- Fitch downgraded it's US Debt rating, leading to uncertainty in economic outlooks
- US housing markets continued to slow with home price increases continuing to push-out buyers

# Financial Markets Update

## US Treasury Yields



	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	30Y
Sep 2023	5.36	5.45	5.55	5.46	5.05	4.80	4.61	4.62	4.57	4.70
Jun 2023	5.14	5.30	5.43	5.42	4.90	4.53	4.16	4.00	3.84	3.86
Q Change	0.22	0.15	0.11	0.05	0.15	0.27	0.46	0.62	0.73	0.84
Sep 2022	2.68	3.27	3.93	3.99	4.28	4.29	4.09	3.99	3.83	3.78
Year Change	2.68	2.18	1.61	1.47	0.77	0.51	0.52	0.63	0.74	0.92

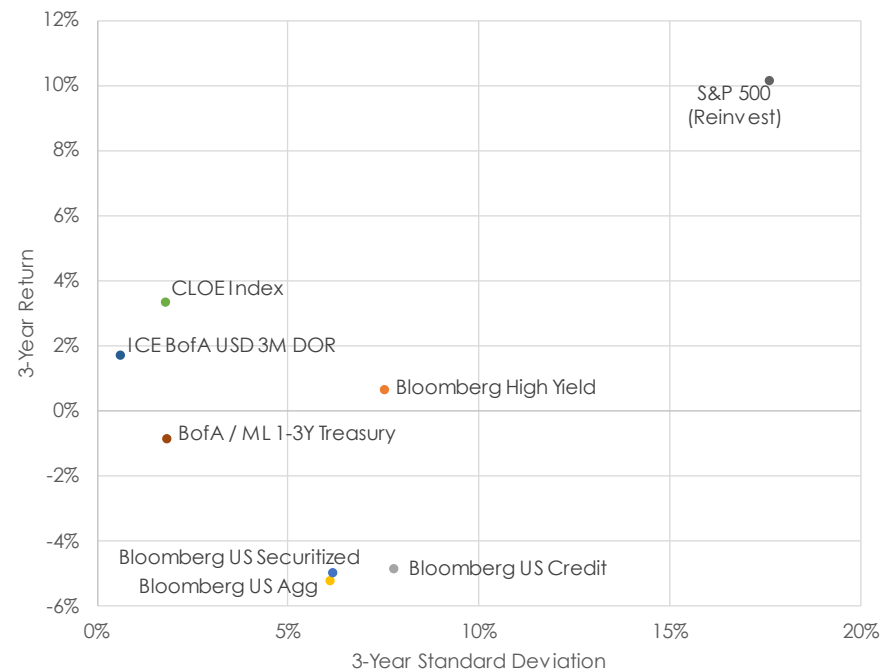
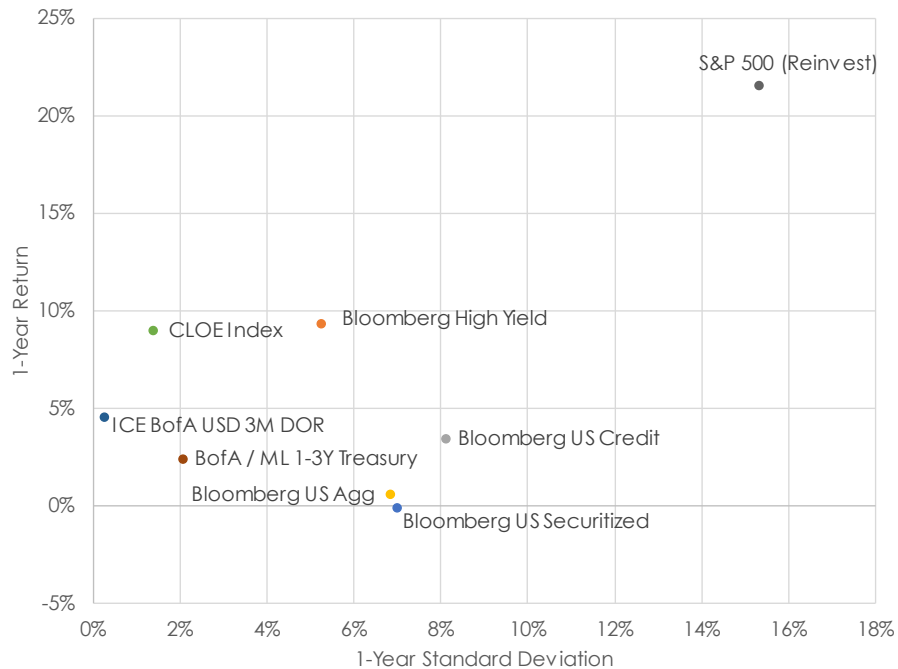
## Sector Performance (As of Q3)

	YTW	Duration	OAS	3M Return	12M Return	3Y Return	5Y Return
Treasuries	4.85%	5.86	-0.01%	-3.06%	-0.81%	-5.84%	-0.07%
Corporate	6.04%	6.76	1.21%	-3.09%	3.65%	-4.94%	0.93%
CMBS	6.12%	4.38	1.30%	-1.02%	1.19%	-3.77%	0.99%
ABS	5.75%	2.65	0.67%	0.25%	2.81%	-0.80%	1.48%
Credit Card ABS	5.63%	2.19	0.54%	0.71%	2.83%	-1.67%	1.03%
Auto ABS	5.94%	1.85	0.81%	0.91%	2.87%	-0.38%	1.63%
Agency MBS	5.57%	6.42	0.66%	-4.05%	-0.17%	-5.09%	-0.77%
GNMA	5.58%	6.38	0.58%	-3.77%	0.29%	-4.65%	-0.68%
FHLHC	5.69%	5.02	0.87%	-3.18%	0.62%	-5.01%	-0.65%
FNMA	5.56%	6.47	0.68%	-4.17%	-0.32%	-5.15%	-0.73%
Palmer CLO AAA	6.49%	0.05		2.43%	9.05%	3.36%	

\*Discount Margin

	3M Return	12M Return	3Y Return	5Y Return
<b>SP 500</b>	<b>-3.27%</b>	<b>21.62%</b>	<b>10.15%</b>	<b>9.92%</b>
Energy	12.22%	30.21%	51.42%	8.96%
Materials	-4.76%	18.05%	9.46%	8.61%
Industrials	-5.16%	24.58%	11.44%	7.29%
Consumer Discretionary	-4.80%	13.77%	2.35%	7.19%
Consumer Staples	-5.97%	7.35%	6.09%	8.51%
Health Care	-2.65%	8.18%	8.61%	8.21%
Financials	-1.13%	11.73%	13.55%	6.04%
IT	-5.64%	41.10%	13.32%	18.40%
Telecom	3.07%	38.49%	5.32%	7.88%
Utilities	-9.25%	-7.02%	2.91%	5.65%

# 1 & 3-Year Benchmark Risk/Return Plots

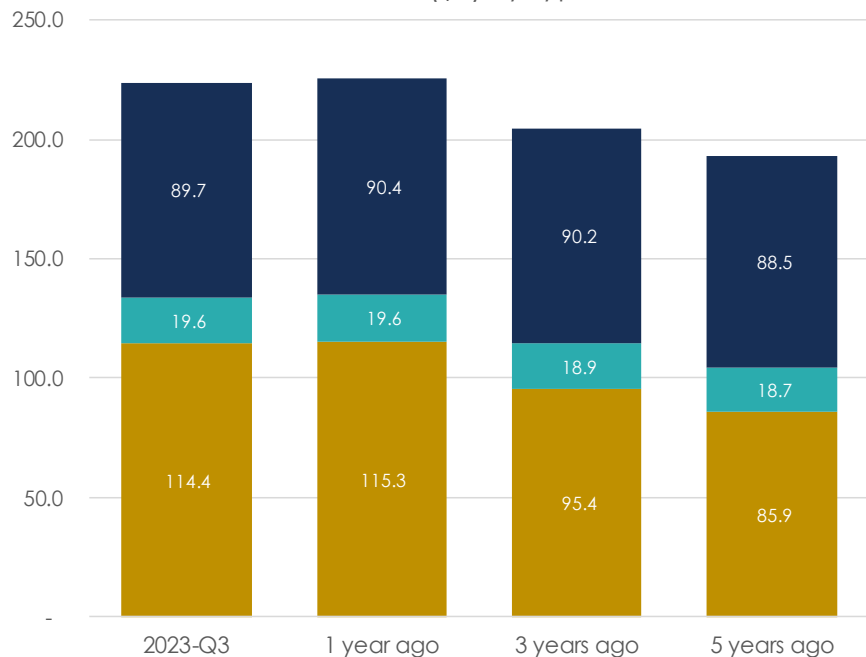


Data as of 2023-Q3

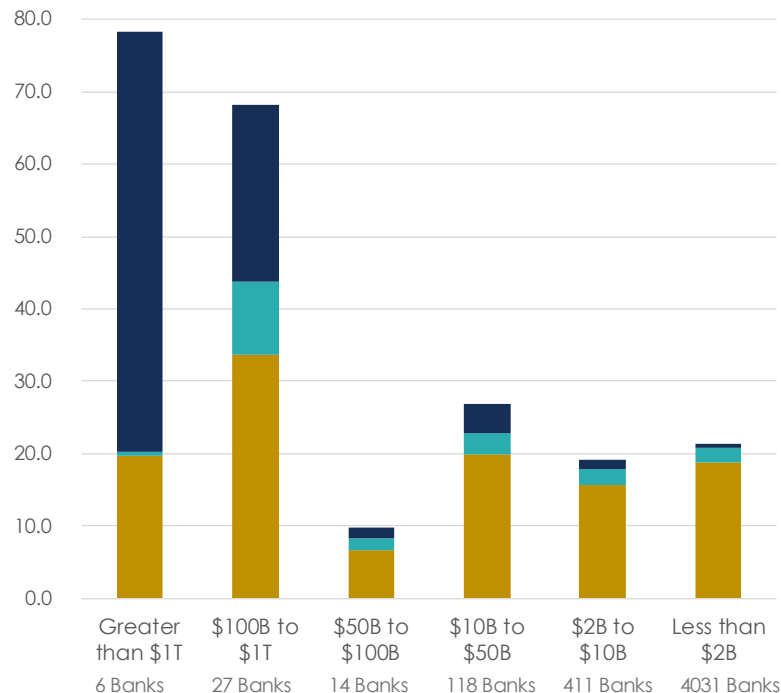
# Recent Trends in BOLI

# BOLI Market Overview as of 2023-Q3

## 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

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SA

GA

Hybrid



# BOLI Market Overview as of 2023-Q3

Bank Size	Number of Banks <sup>1</sup>	% 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%	14,075	19.7	0.7	58.0	78.3	7.22%	0.56%
\$100 Billion to \$1 Trillion	27	85%	7,229	33.7	10.1	24.4	68.1	9.95%	0.94%
\$50 Billion to \$100 Billion	14	93%	1,014	6.6	1.6	1.6	9.8	9.25%	0.97%
\$10 Billion to \$50 Billion	118	82%	2,597	20.0	3.0	3.9	26.9	9.46%	1.03%
\$2 Billion to \$10 Billion	411	83%	1,701	15.7	2.2	1.3	19.2	9.87%	1.13%
Less than \$2 Billion	4,031	66%	1,710	18.7	2.1	0.4	21.3	10.31%	1.25%
<b>TOTALS</b>	<b>4,607</b>	<b>68%</b>	<b>28,326</b>	<b>114.4</b>	<b>19.6</b>	<b>89.7</b>	<b>223.6</b>	<b>8.74%</b>	<b>0.79%</b>

<sup>1</sup> 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 <sup>1</sup>	% Owning BOLI	SA Exposure (\$B)	SA RWA (\$B)	SA RWA / SA Exposure	Average Bank RW%
Greater than \$1 Trillion	6	100%	57.7	17.7	30.7%	30.6%
\$100 Billion to \$1 Trillion	27	85%	28.9	12.4	42.9%	48.9%
\$50 Billion to \$100 Billion	14	93%	3.0	2.5	81.3%	72.0%
\$10 Billion to \$50 Billion	118	82%	6.3	4.0	63.3%	79.7%
\$2 Billion to \$10 Billion	411	83%	2.1	1.7	82.7%	94.2%
Less than \$2 Billion	4,031	66%	0.5	0.4	90.4%	96.3%
<b>Total</b>	<b>4,607</b>	<b>68%</b>	<b>98.5</b>	<b>38.7</b>	<b>39.3%</b>	<b>87.9%</b>

## Observations

- While many banks default to 100%, most large banks (\$25B+) achieve SA RW% between 20%-40%, and account for over half the total SA exposure
- Banks include Hybrid BOLI when reporting SA Exposure and SA RWA in the call report values above. MBSA does have a method for estimating the RW% of SA BOLI only (excluding Hybrid). If interested, please reach out.

# 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)
<b>TOTAL</b>												
2023-Q3	2	59	6	152	<b>8</b>	<b>211</b>	1	-21	5	-1,321	<b>6</b>	<b>-1,342</b>
1-Year	2	59	45	1,419	<b>47</b>	<b>1,477</b>	4	-891	24	-2,068	<b>28</b>	<b>-2,959</b>
3-Year	127	8,693	214	7,042	<b>341</b>	<b>15,735</b>	8	-971	43	-2,896	<b>51</b>	<b>-3,867</b>
5-Year	162	11,954	279	8,705	<b>441</b>	<b>20,659</b>	12	-1,078	56	-3,438	<b>68</b>	<b>-4,516</b>
<b>SA</b>												
2023-Q3	0	0	1	23	<b>1</b>	<b>23</b>	0	0	1	-1,229	<b>1</b>	<b>-1,229</b>
1-Year	0	0	6	97	<b>6</b>	<b>97</b>	0	0	5	-1,345	<b>5</b>	<b>-1,345</b>
3-Year	5	107	20	754	<b>25</b>	<b>861</b>	2	-55	13	-1,514	<b>15</b>	<b>-1,569</b>
5-Year	8	203	25	1,021	<b>33</b>	<b>1,224</b>	4	-115	19	-1,856	<b>23</b>	<b>-1,972</b>
<b>GA</b>												
2023-Q3	2	59	4	109	<b>6</b>	<b>168</b>	1	-21	2	-43	<b>3</b>	<b>-65</b>
1-Year	2	59	36	1,271	<b>38</b>	<b>1,330</b>	4	-891	9	-555	<b>13</b>	<b>-1,446</b>
3-Year	120	8,471	183	6,058	<b>303</b>	<b>14,529</b>	5	-906	16	-1,120	<b>21</b>	<b>-2,026</b>
5-Year	152	11,636	242	7,438	<b>394</b>	<b>19,073</b>	6	-910	23	-1,320	<b>29</b>	<b>-2,230</b>
<b>HYBRID</b>												
2023-Q3	0	0	1	20	<b>1</b>	<b>20</b>	0	0	2	-49	<b>2</b>	<b>-49</b>
1-Year	0	0	3	51	<b>3</b>	<b>51</b>	0	0	10	-168	<b>10</b>	<b>-168</b>
3-Year	2	115	11	230	<b>13</b>	<b>345</b>	1	-10	14	-261	<b>15</b>	<b>-272</b>
5-Year	2	115	12	246	<b>14</b>	<b>361</b>	2	-52	14	-261	<b>16</b>	<b>-314</b>

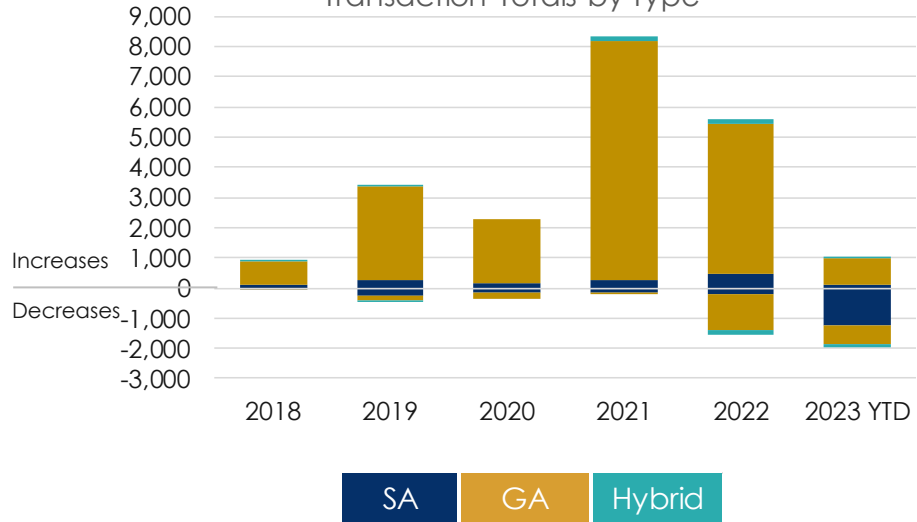
Listings of activity by institution are available upon request

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 / Increases

- In 2023-Q3, Midland States Bancorp purchased \$49 million of GA
- In 2023-Q3, Banesco's GA increased by \$49 million
- In 2023-Q1, First Republic's GA increased by \$575 million, and SA increased by \$25 million
- In 2022-Q3, US Bank's GA BOLI increased by ~\$1.24 billion

## Recent Notable Surrenders / Decreases

- In 2023-Q3, Wells Fargo's SA BOLI decreased by \$1.23 billion
- From 2022-Q4 through 2023-Q2, First Citizens GA decreased by \$1.24 billion (some following acquisitions)
- In 2023-Q2 Customers Bancorp surrendered \$55 million of GA

# BOLI Transactions by Type and Bank Size

Movement or Transactions of \$10M or More



Listing of activity by institution are available upon request

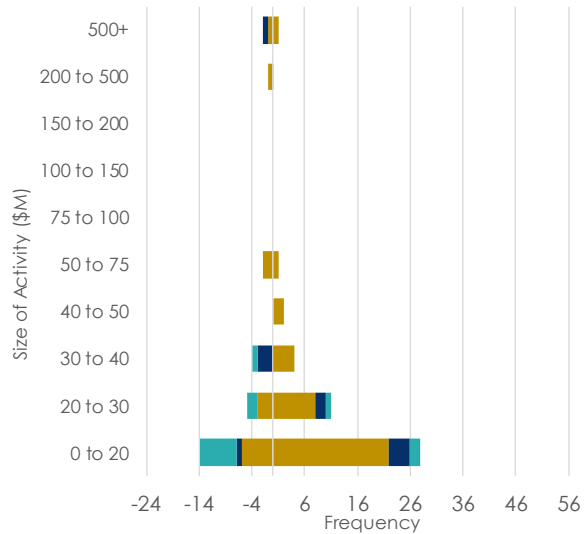
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# Frequency of BOLI Transaction Sizes

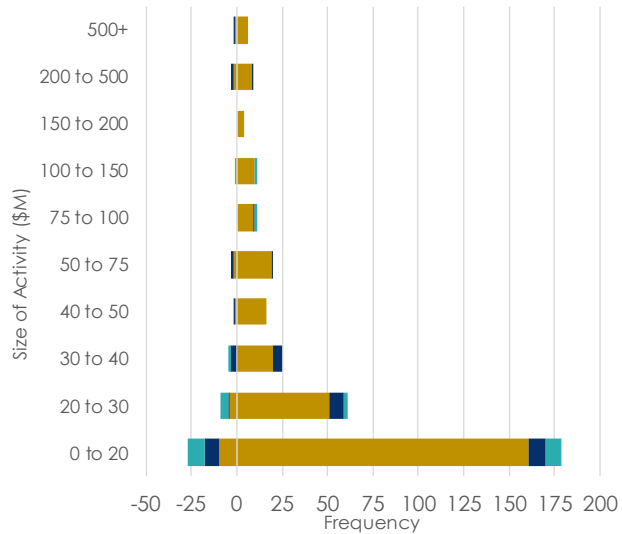
Movement or Transactions of \$10M or More

- Over the past 5 years, over 68% of transactions have been below \$30 Million, while 9% are over \$100 million

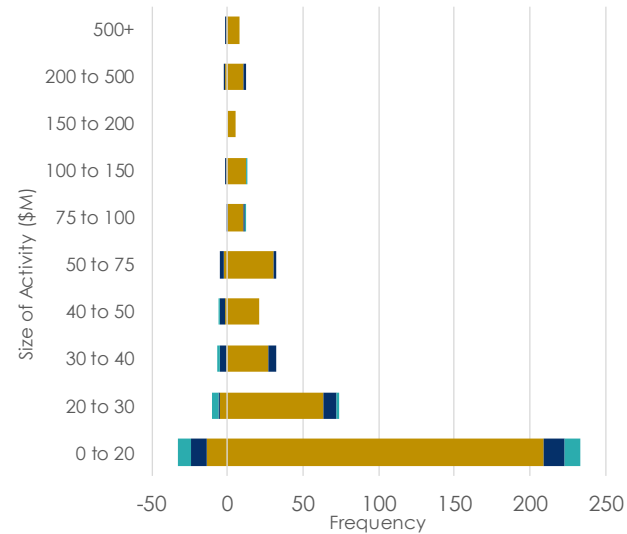
### 1-Year



### 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

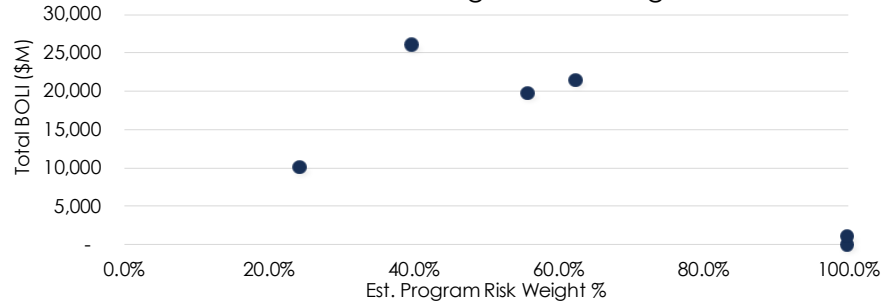
# Market Analytics By Bank Size

## Banks with over \$1T in Total Assets

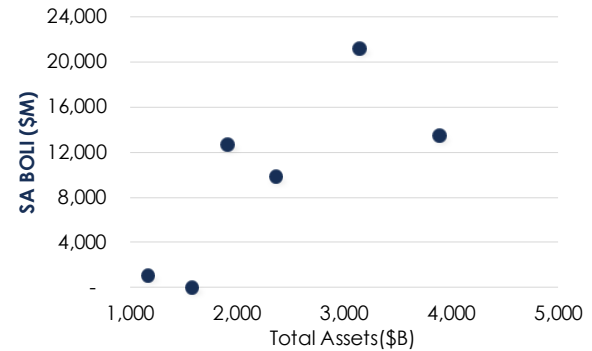
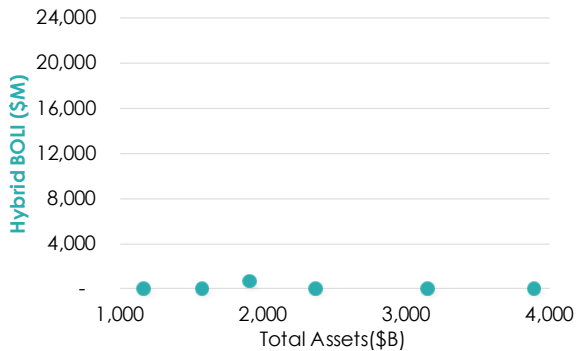
### 6 of 6 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
<b>Total</b>	<b>19,654</b>	<b>658</b>	<b>58,014</b>	<b>78,326</b>	<b>7%</b>
Average	3,276	110	9,669	13,054	6%
Last Q # of Increases	-	-	-	-	
Increase Total (\$M)	-	-	-	-	
Last Q # of Decreases	-	-	1	1	
Decrease Total (\$M)	-	-	(1,229)	(1,229)	

### Total BOLI vs Est. Program Risk Weight



### 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)
<b>TOTAL</b>												
2023-Q3	0	0	0	0	0	0	0	0	1	-1,229	1	-1,229
1-Year	0	0	0	0	0	0	0	0	1	-1,229	1	-1,229
3-Year	0	0	0	0	0	0	0	0	1	-1,229	1	-1,229
5-Year	0	0	0	0	0	0	0	0	1	-1,229	1	-1,229
<b>SA</b>												
2023-Q3	0	0	0	0	0	0	0	0	1	-1,229	1	-1,229
1-Year	0	0	0	0	0	0	0	0	1	-1,229	1	-1,229
3-Year	0	0	0	0	0	0	0	0	1	-1,229	1	-1,229
5-Year	0	0	0	0	0	0	0	0	1	-1,229	1	-1,229
<b>GA</b>												
2023-Q3	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
<b>HYBRID</b>												
2023-Q3	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

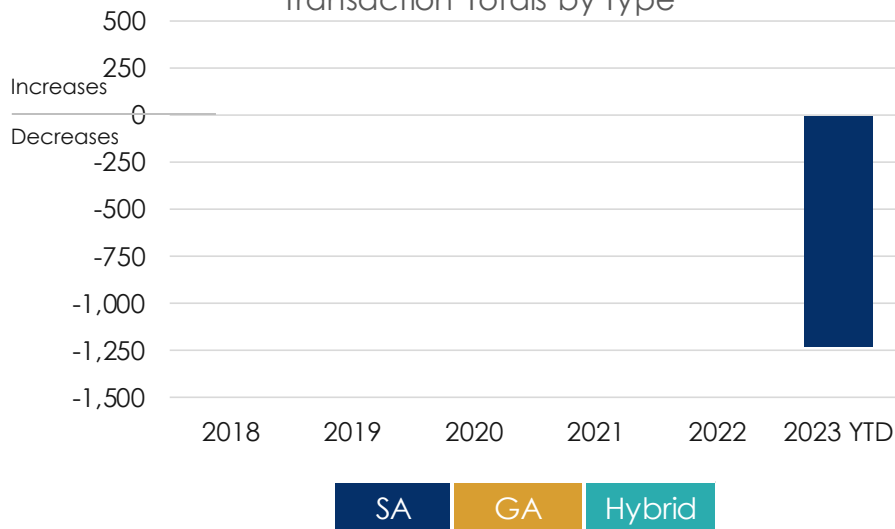
Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million



# Recent BOLI Transactions

## Banks with over \$1T in Total Assets

Transaction Totals by Type



### Current Quarter Activity

- Wells Fargo Bank's SA decreased by ~\$1.23 billion

### Recent Notable Actions

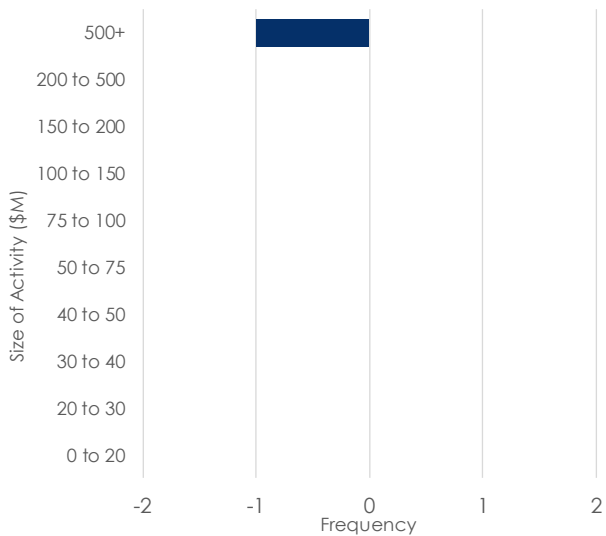
- There have been changes to BOLI assets from M&A activity, but no confirmed purchases.

# Frequency of BOLI Transaction Sizes

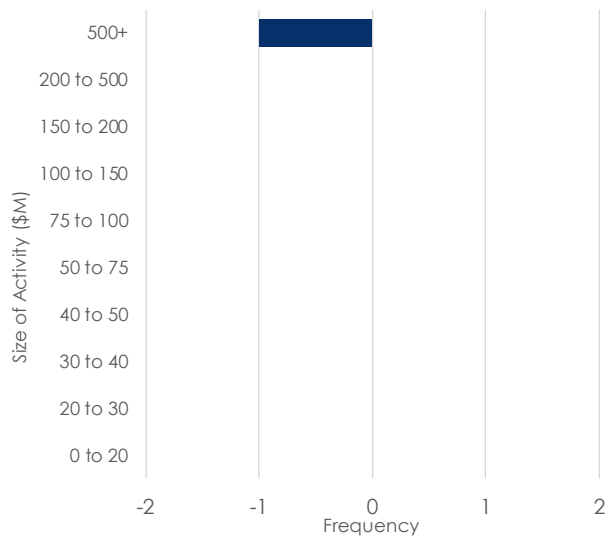
## Banks with over \$1T in Total Assets

- While they own over a third of all BOLI, MBSA has only tracked 1 transaction (not related to M&A) over the last 5 years

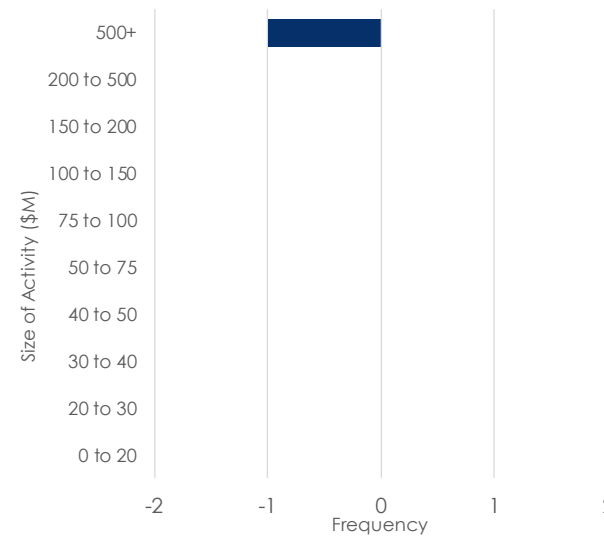
1-Year



3-Year



5-Year



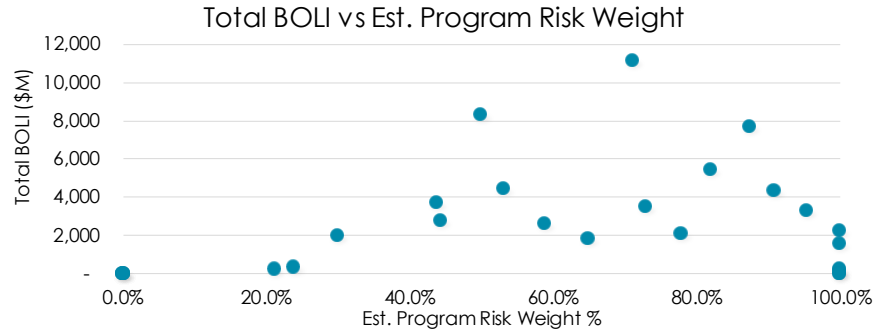
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# Market Analytics By Bank Size

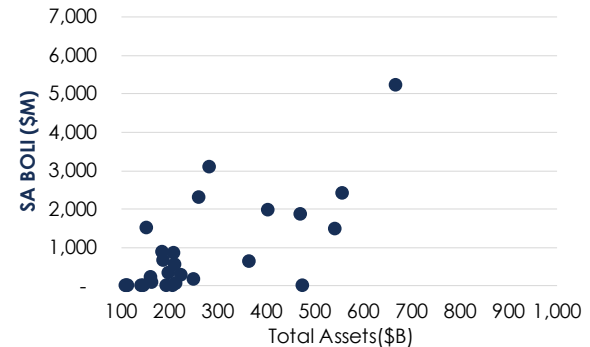
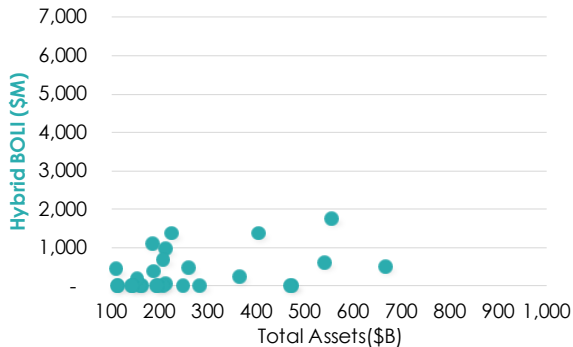
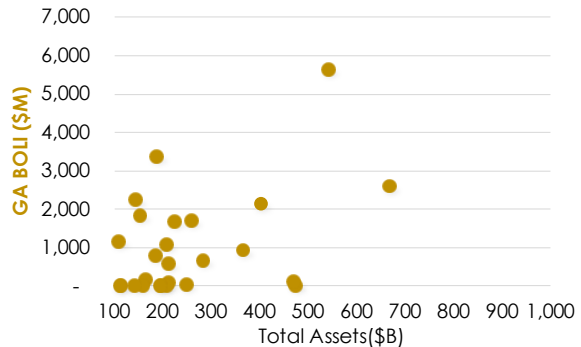
## Banks with \$100B to \$1T in Total Assets

23 of 27 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
<b>Total</b>	<b>33,720</b>	<b>10,058</b>	<b>24,361</b>	<b>68,139</b>	<b>10%</b>
Average	1,249	373	902	2,524	23%
Last Q # of Increases	1	-	1	2	
Increase Total (\$M)	10	-	23	33	
Last Q # of Decreases	1	-	-	1	
Decrease Total (\$M)	(23)	-	-	(23)	



## Types of BOLI by Bank Asset Size



# Recent BOLI Transaction Counts & Totals

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

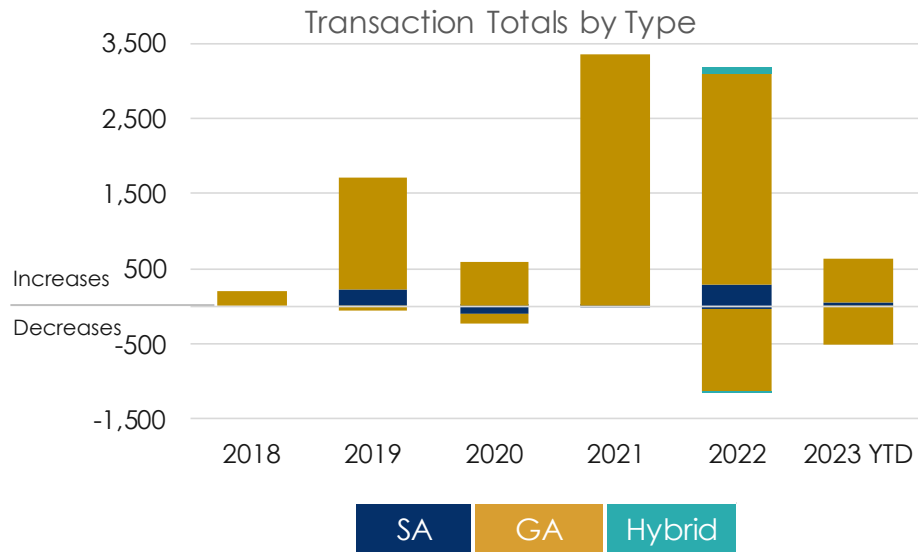
Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
<b>TOTAL</b>												
2023-Q3	1	10	1	23	2	33	0	0	1	-23	1	-23
1-Year	1	10	4	647	5	657	2	-815	4	-511	6	-1,326
3-Year	18	4,785	8	2,487	26	7,272	2	-815	7	-982	9	-1,797
5-Year	23	6,791	9	2,692	32	9,483	2	-815	9	-1,122	11	-1,937
<b>SA</b>												
2023-Q3	0	0	1	23	1	23	0	0	0	0	0	0
1-Year	0	0	2	48	2	48	0	0	1	-37	1	-37
3-Year	3	72	3	295	6	367	0	0	2	-48	2	-48
5-Year	5	108	4	500	9	608	0	0	3	-141	3	-141
<b>GA</b>												
2023-Q3	1	10	0	0	1	10	0	0	1	-23	1	-23
1-Year	1	10	2	599	3	609	2	-815	2	-450	4	-1,265
3-Year	15	4,713	4	2,110	19	6,823	2	-815	4	-910	6	-1,725
5-Year	18	6,683	4	2,110	22	8,793	2	-815	5	-957	7	-1,772
<b>HYBRID</b>												
2023-Q3	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	1	-24	1	-24
3-Year	0	0	1	82	1	82	0	0	1	-24	1	-24
5-Year	0	0	1	82	1	82	0	0	1	-24	1	-24

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



### Current Quarter Activity

- In 2023-Q3, BMO's SA increased by \$23 million, but corresponded with an equal decrease to its GA

### Recent Notable Actions

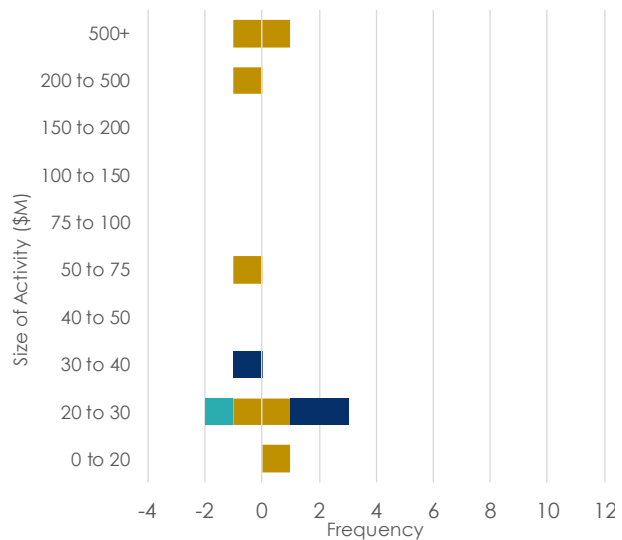
- In 2023-Q2, First Citizens' GA decreased by \$427 million following its acquisition of CIT
- In 2023-Q1, First Republic's GA increased by \$575 million, and SA increased by \$25 million
- In 2023-Q1 First Citizens surrendered \$55 million of GA
- In 2022-Q4, First Citizens surrendered \$760 million of GA
- In 2022-Q3, US Bank's GA BOLI increased by ~\$1.24 billion
- In 2022-Q3, First Republic's SA increased by ~\$35 million
- In 2022-Q3, M&T Bank's GA decreased by ~\$325million; However, SA increased \$247 million and HY increased \$82 million
- In 2022-Q2, Northern Trust purchased \$500 million of GA
- In 2022-Q2, First Republic purchased \$668 million of GA

# Frequency of BOLI Transaction Sizes

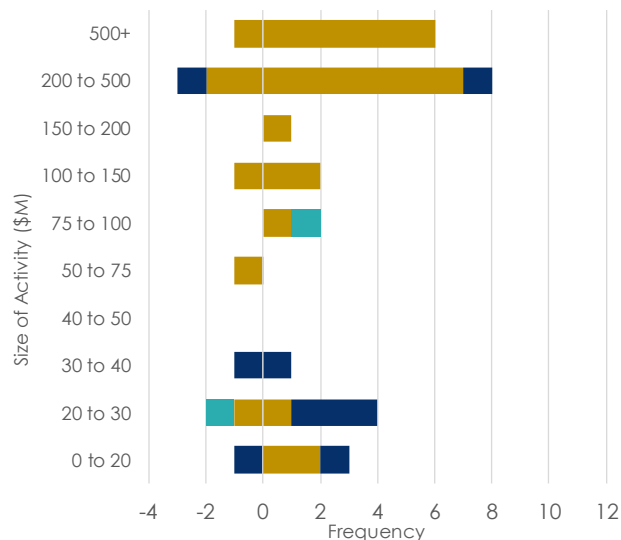
## Banks with \$100B to \$1T in Total Assets

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

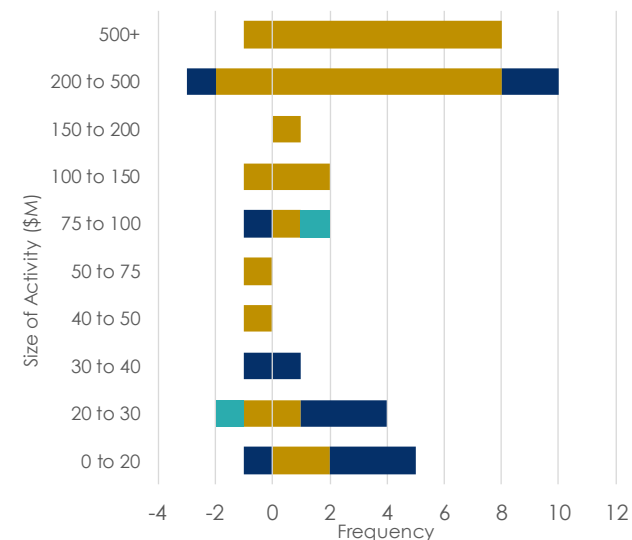
1-Year



3-Year



5-Year

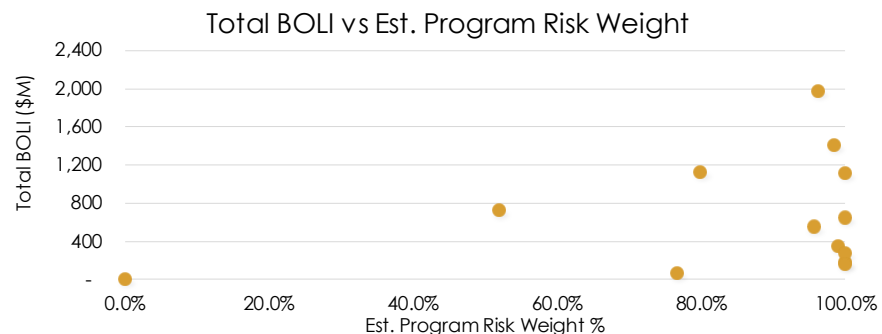


# Market Analytics By Bank Size

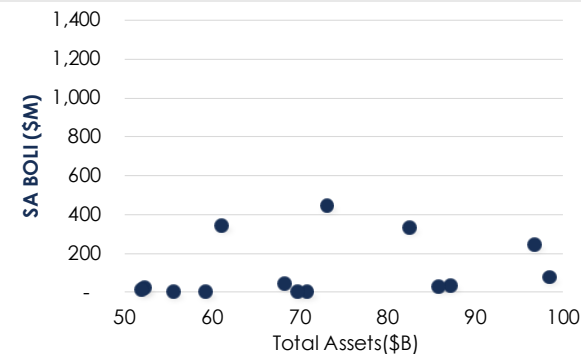
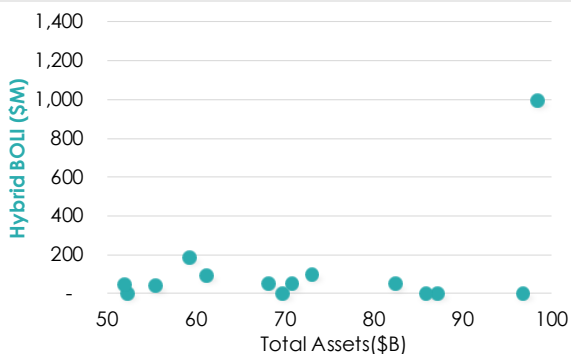
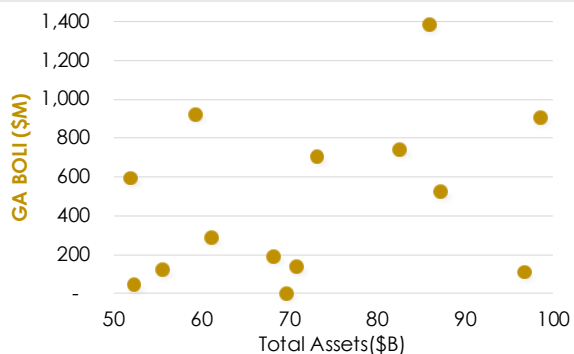
## Banks with \$50B to \$100B in Total Assets

### 13 of 14 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
<b>Total</b>	<b>6,643</b>	<b>1,592</b>	<b>1,570</b>	<b>9,805</b>	<b>9%</b>
Average	474	114	112	700	9%
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 \$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)
<b>TOTAL</b>												
2023-Q3	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	2	24	2	24	0	0	1	-10	1	-10
3-Year	1	150	10	270	11	420	0	0	3	-70	3	-70
5-Year	6	655	15	545	21	1,200	0	0	5	-205	5	-205
<b>SA</b>												
2023-Q3	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	6	186	6	186	0	0	1	-29	1	-29
5-Year	0	0	8	222	8	222	0	0	3	-164	3	-164
<b>GA</b>												
2023-Q3	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	2	24	2	24	0	0	0	0	0	0
3-Year	1	150	4	84	5	234	0	0	0	0	0	0
5-Year	6	655	7	323	13	978	0	0	0	0	0	0
<b>HYBRID</b>												
2023-Q3	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	1	-10	1	-10
3-Year	0	0	0	0	0	0	0	0	2	-41	2	-41
5-Year	0	0	0	0	0	0	0	0	2	-41	2	-41

Listings of activity by institution are available upon request

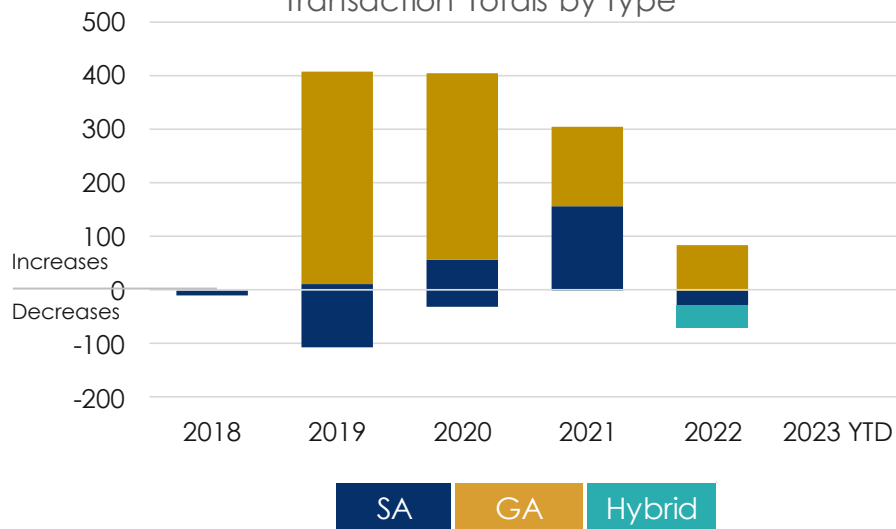
Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million



# Recent BOLI Transactions

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

Transaction Totals by Type



### Current Quarter Activity

- [None Observed]

### Recent Notable Actions

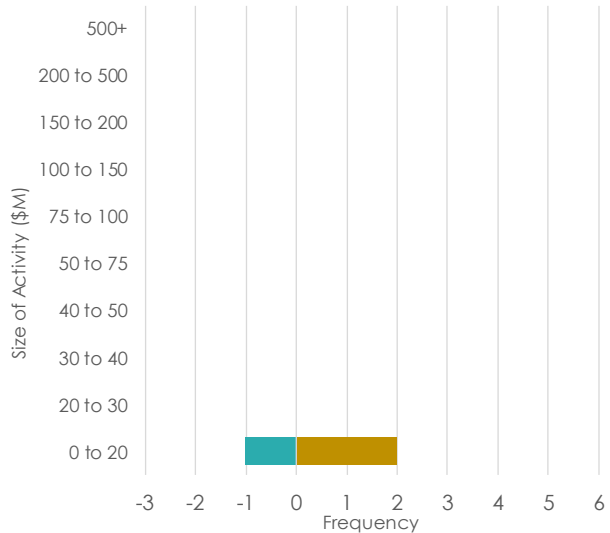
- In 2022-Q4, City National Bank's GA BOLI increased by \$14 million
- In 2022-Q4, Synovus Financial Corp's Hybrid BOLI decreased by \$10 million while its GA BOLI increased by \$10 million
- In 2022-Q3, NY Community Bancorp's GA and HY BOLI each increased by ~\$31 million
- In 2022-Q3, Wintrust Financial Corp's GA and SA BOLI each increased by ~\$29 million
- In 2021-Q3 East West Bank purchased \$150 million of GA
- In 2021 Raymond James's SA BOLI increased by ~\$100 million

# Frequency of BOLI Transaction Sizes

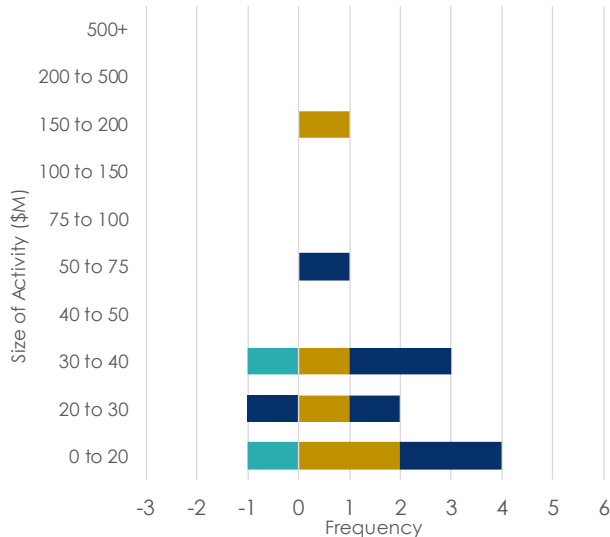
## Banks with \$50B to \$100B in Total Assets

- Recent purchases have been fairly spread out in overall size

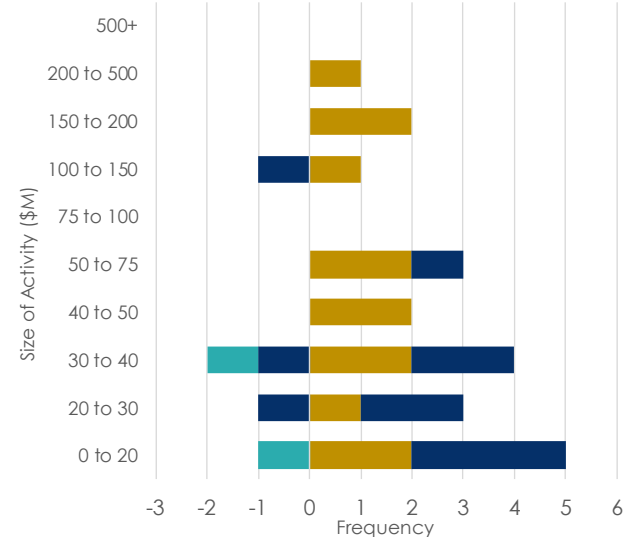
1-Year



3-Year

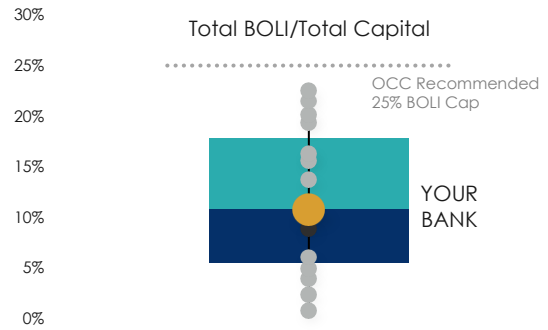
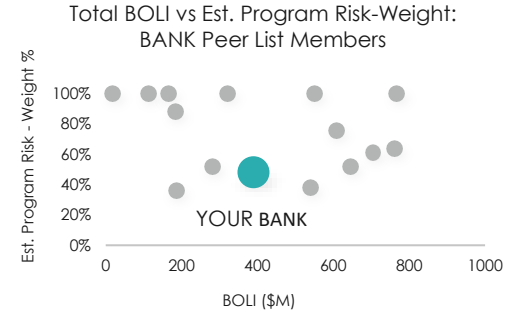
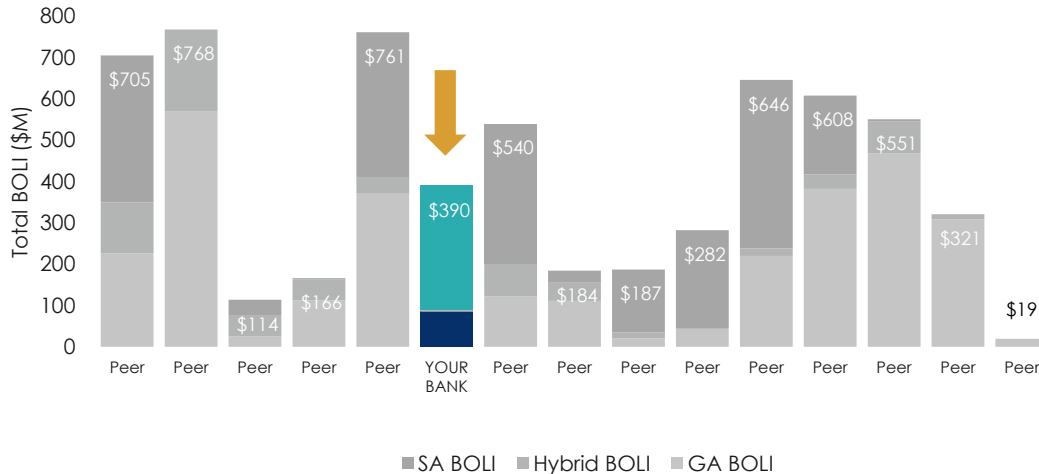


5-Year



# 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



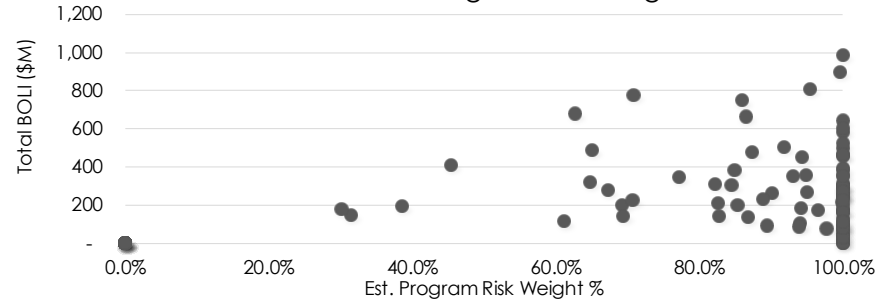
# Market Analytics By Bank Size

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

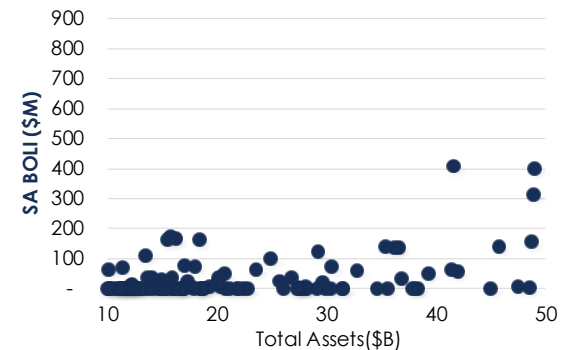
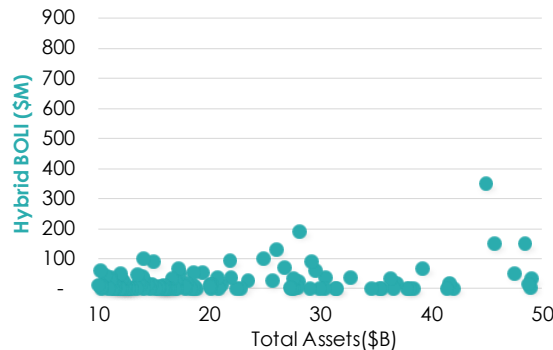
97 of 118 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
<b>Total</b>	<b>19,962</b>	<b>2,951</b>	<b>3,947</b>	<b>26,860</b>	<b>9%</b>
Average	169	25	33	228	177%
Last Q # of Increases	2	1	-	3	
Increase Total (\$M)	49	20	-	69	
Last Q # of Decreases	1	2	-	3	
Decrease Total (\$M)	(20)	(49)	-	(69)	

## 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

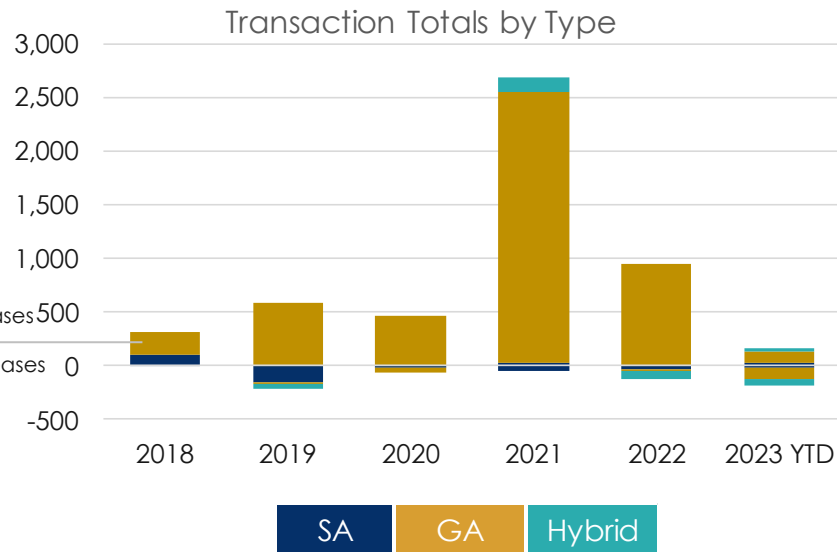
Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
<b>TOTAL</b>												
2023-Q3	0	0	3	69	<b>3</b>	<b>69</b>	0	0	3	-69	<b>3</b>	<b>-69</b>
1-Year	0	0	16	288	<b>16</b>	<b>288</b>	1	-55	12	-220	<b>13</b>	<b>-275</b>
3-Year	41	2,429	40	1,638	<b>81</b>	<b>4,068</b>	2	-99	14	-245	<b>16</b>	<b>-344</b>
5-Year	47	2,762	51	2,101	<b>98</b>	<b>4,864</b>	6	-206	19	-408	<b>25</b>	<b>-613</b>
<b>SA</b>												
2023-Q3	0	0	0	0	<b>0</b>	<b>0</b>	0	0	0	0	<b>0</b>	<b>0</b>
1-Year	0	0	2	22	<b>2</b>	<b>22</b>	0	0	2	-46	<b>2</b>	<b>-46</b>
3-Year	0	0	3	46	<b>3</b>	<b>46</b>	1	-44	2	-46	<b>3</b>	<b>-90</b>
5-Year	0	0	3	46	<b>3</b>	<b>46</b>	3	-105	5	-160	<b>8</b>	<b>-265</b>
<b>GA</b>												
2023-Q3	0	0	2	49	<b>2</b>	<b>49</b>	0	0	1	-20	<b>1</b>	<b>-20</b>
1-Year	0	0	12	233	<b>12</b>	<b>233</b>	1	-55	3	-51	<b>4</b>	<b>-106</b>
3-Year	40	2,329	34	1,533	<b>74</b>	<b>3,863</b>	1	-55	4	-66	<b>5</b>	<b>-121</b>
5-Year	46	2,662	45	1,996	<b>91</b>	<b>4,658</b>	2	-59	6	-114	<b>8</b>	<b>-174</b>
<b>HYBRID</b>												
2023-Q3	0	0	1	20	<b>1</b>	<b>20</b>	0	0	2	-49	<b>2</b>	<b>-49</b>
1-Year	0	0	2	34	<b>2</b>	<b>34</b>	0	0	7	-123	<b>7</b>	<b>-123</b>
3-Year	1	100	3	60	<b>4</b>	<b>160</b>	0	0	8	-133	<b>8</b>	<b>-133</b>
5-Year	1	100	3	60	<b>4</b>	<b>160</b>	1	-42	8	-133	<b>9</b>	<b>-175</b>

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



### Current Quarter Activity

- International Bancshares Corp's GA increased by \$30 million, but corresponded with an equal decrease in HY
- Third FS&LA of Cleveland's HY increased by \$30 million, but corresponded with an equal decrease in GA
- F N B Corp's GA increased by \$19 million, but corresponded with an equal decrease in HY

### Recent Notable Actions

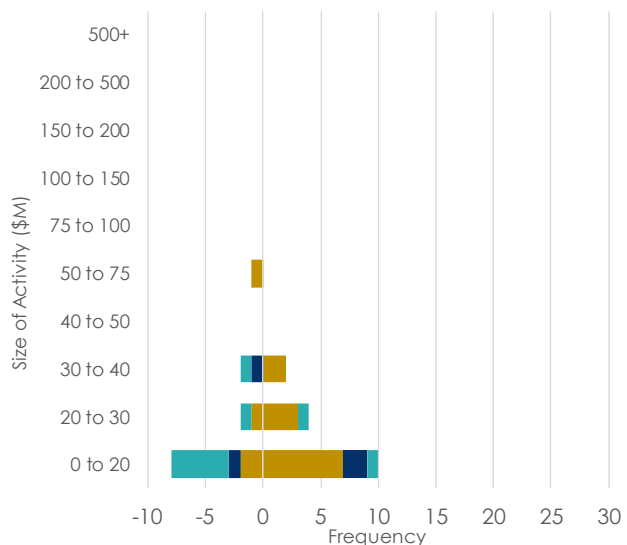
- In 2023-Q2 Customer Bancorp surrendered \$55 million of GA
- In 2023-Q1 Dollar Mutual's GA increased by \$25 million
- In 2023-Q1 Hope Bancorp's GA increased by \$10 million
- In 2023-Q1 NexBank's SA increased by \$11 million
- In 2022-Q2, Ameris purchased \$50 million of GA

# Frequency of BOLI Transaction Sizes

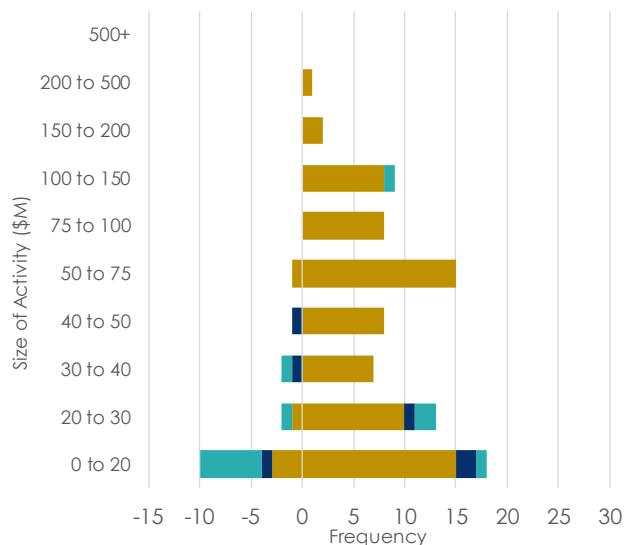
## Banks with \$10B to \$50B in Total Assets

- Most purchases for these sized banks have been under \$75 million, and many a reverse action from a decrease of another type of BOLI

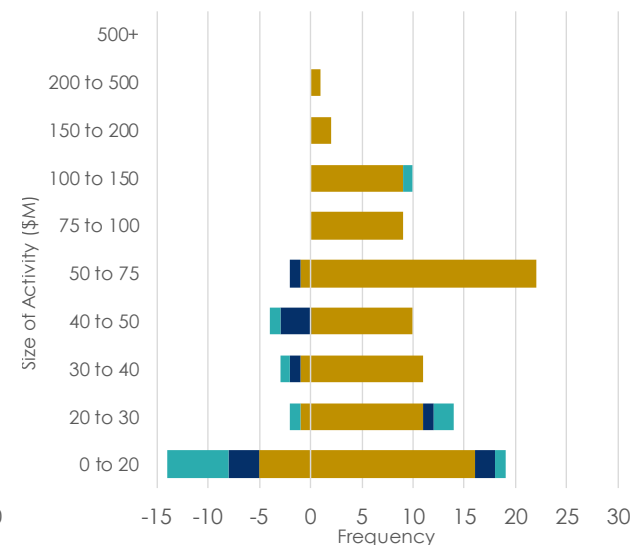
1-Year



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

31 Copyright MB Schoen & Associates, Inc.

SA

GA

Hybrid

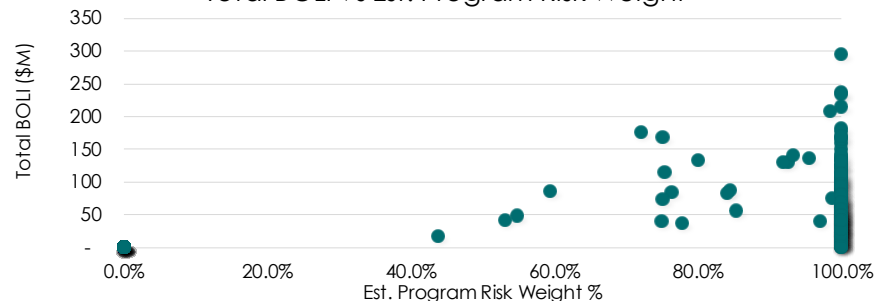
# Market Analytics By Bank Size

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

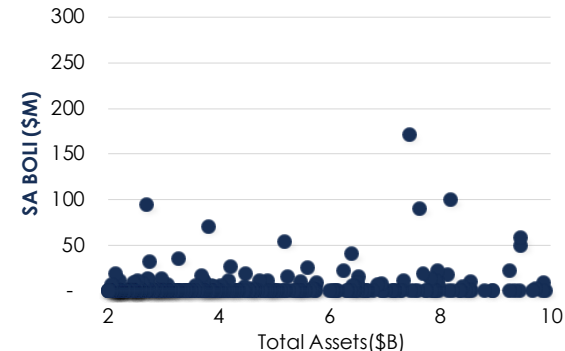
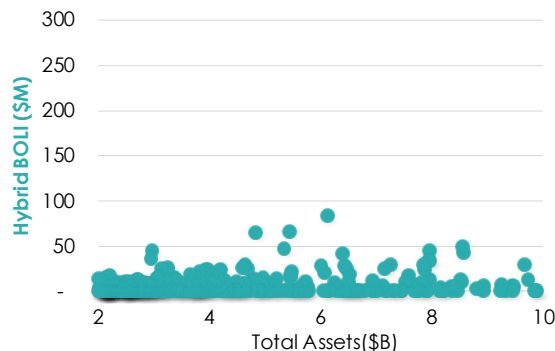
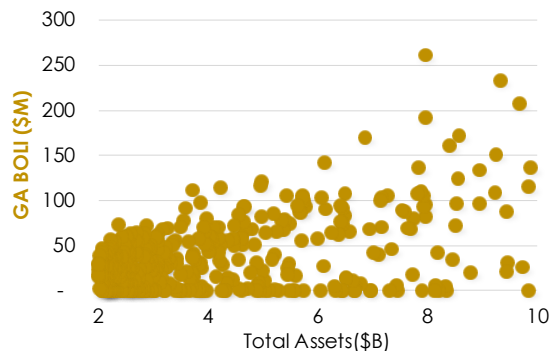
340 of 411 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
<b>Total</b>	<b>13,983</b>	<b>2,026</b>	<b>1,287</b>	<b>17,297</b>	<b>10%</b>
Average	42	6	4	52	10%
Last Q # of Increases	3	-	-		
Increase Total (\$M)	109	-	-		
Last Q # of Decreases	1	-	-		
Decrease Total (\$M)	(21)	-	-		

## 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)
<b>TOTAL</b>												
2023-Q3	1	49	2	60	3	109	1	-21	0	0	1	-21
1-Year	1	49	15	300	16	349	1	-21	3	-62	4	-83
3-Year	60	1,256	79	1,576	139	2,832	4	-57	14	-323	18	-380
5-Year	74	1,600	97	1,909	171	3,510	4	-57	18	-428	22	-485
<b>SA</b>												
2023-Q3	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	1	12	1	12	0	0	1	-33	1	-33
3-Year	2	35	6	188	8	223	1	-11	6	-152	7	-163
5-Year	3	95	7	204	10	299	1	-11	6	-152	7	-163
<b>GA</b>												
2023-Q3	1	49	2	60	3	109	1	-21	0	0	1	-21
1-Year	1	49	13	271	14	320	1	-21	1	-17	2	-38
3-Year	57	1,206	68	1,318	125	2,524	2	-36	5	-108	7	-144
5-Year	70	1,490	85	1,636	155	3,126	2	-36	9	-213	11	-249
<b>HYBRID</b>												
2023-Q3	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	1	17	1	17	0	0	1	-12	1	-12
3-Year	1	15	5	69	6	84	1	-10	3	-63	4	-73
5-Year	1	15	5	69	6	84	1	-10	3	-63	4	-73

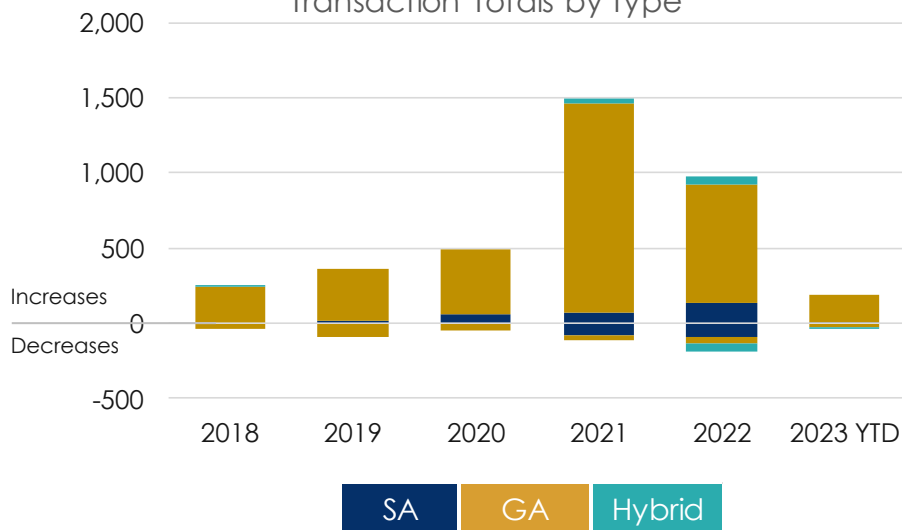
Listings of activity by institution are available upon request

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



### Current Quarter Activity

- Midland States Bancorp purchased \$49 million of GA
- Banesco's GA increased by \$49 million
- John Marshall Bank surrendered \$21 million of GA
- Fishback Financial's GA increased by \$11 million

### Recent Notable Actions

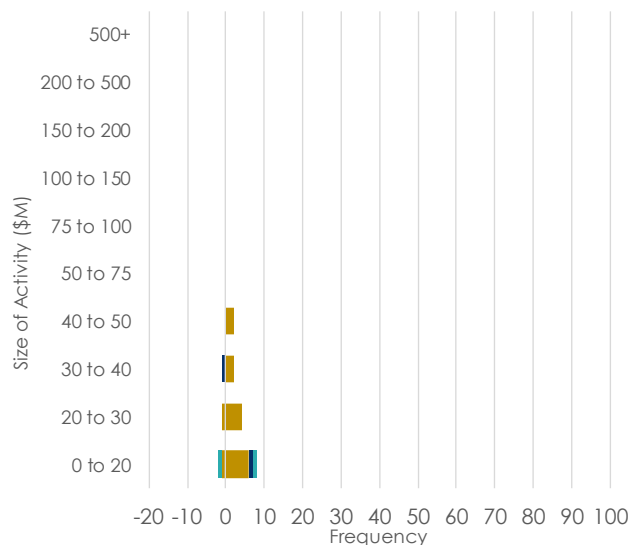
- In 2023-Q3, CTBC Bank Corp's GA increased by \$20 million
- In 2023-Q1 Big Poppy's GA increased by \$25 million
- In 2023-Q1 Fishback Financial's GA increased by \$25 million
- In 2022-Q4, Encore Bank's GA increased \$35 million
- In 2022-Q4, Lakeland Financial Corp's SA decreased by \$33 million while it's GA increased by \$33 million
- In 2022-Q3, Stock Yards Bancorp purchased \$30 million of GA
- In 2022-Q3, Horizon purchased \$25 million of GA, \$15 million of HY & \$10 million of SA
- In 2022-Q2, Connectone purchased \$30 million of GA
- In 2022-Q2, Peoples Bancorp purchased \$30 million of GA

# Frequency of BOLI Transaction Sizes

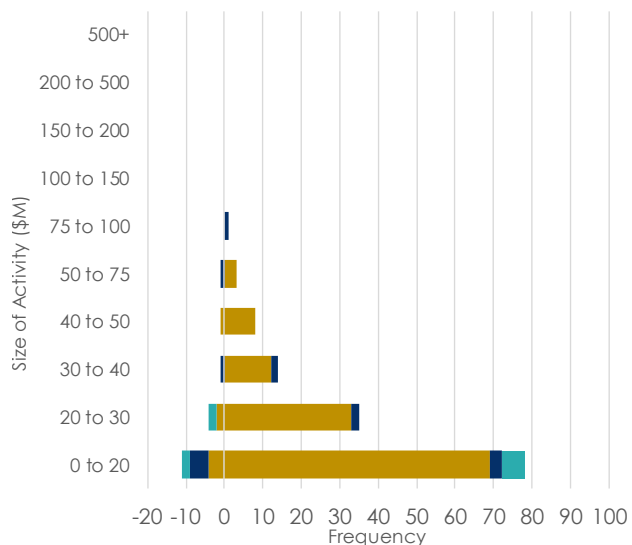
## Banks with \$2B to \$10B in Total Assets

- This bank tier has only seen one recent purchase over \$75 million, with the majority under \$30 million
- Purchase activity increased significantly in 2021 compared to 2018-2020, but has slowed substantially again in 2023

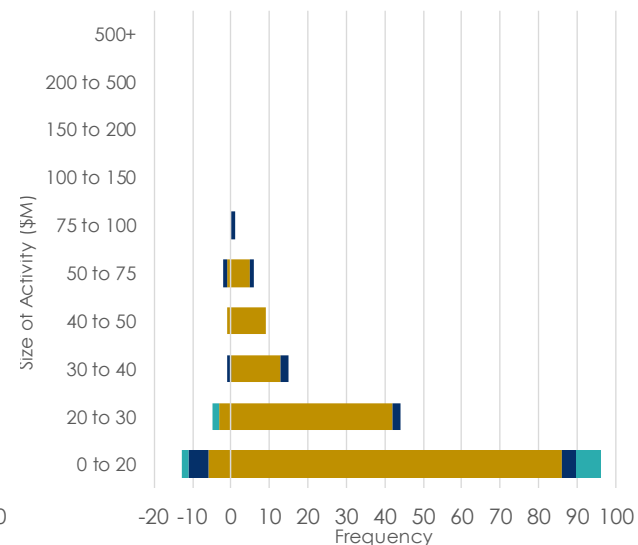
1-Year



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

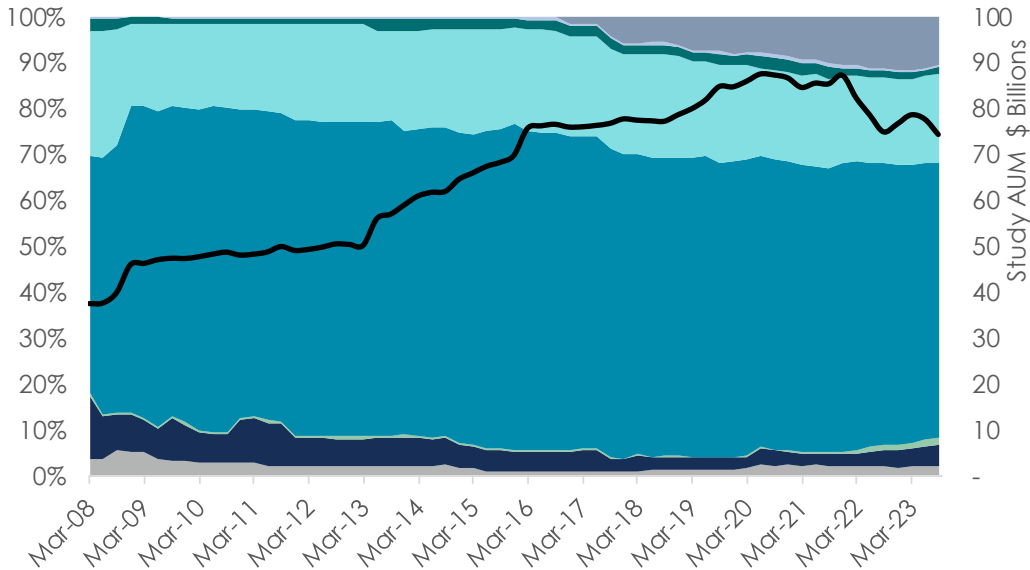
- Capital Efficient / Multi-Sector / Target RW
- High Yield
- Credit
- Core Fixed Income
- MBS / Securitized (ABS / CMBS)
- CLO / Bank Loan
- Short Duration
- Government

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

Currently comprises \$74 billion – a massive share of the industry

# SA BOLI Industry Allocations

## SA BOLI Allocations Over Time



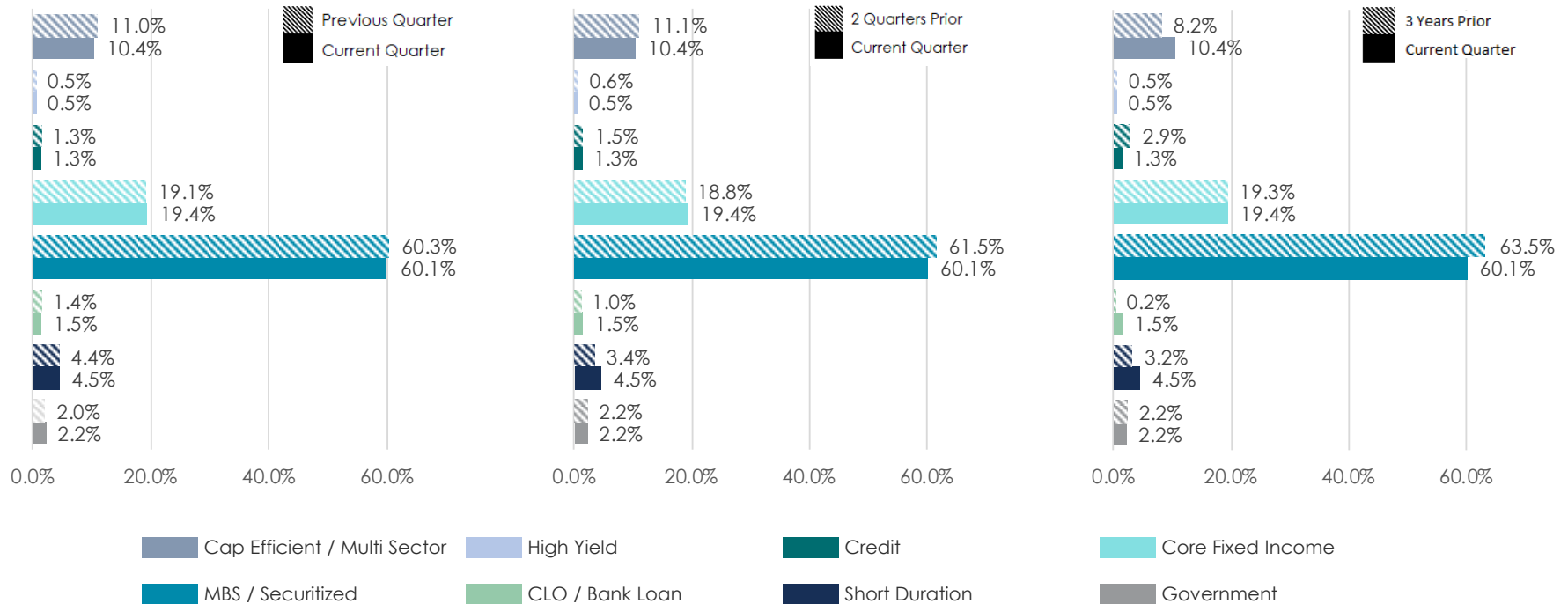
## 2023-Q3 Weights

Cap Efficient / Multi Sector	10.4%
High Yield	0.5%
Credit	1.3%
Core Fixed Income	19.4%
MBS / Securitized	60.1%
CLO / Bank Loan	1.5%
Short Duration	4.5%
Government	2.2%

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

The aggregate assets black line decreases in 2022 due to the study's assets reported at MV which suffered losses while wrapped BOLI is reported as BV on Bank Call Reports

# Recent Allocation Changes



# Investment Performance Proxy

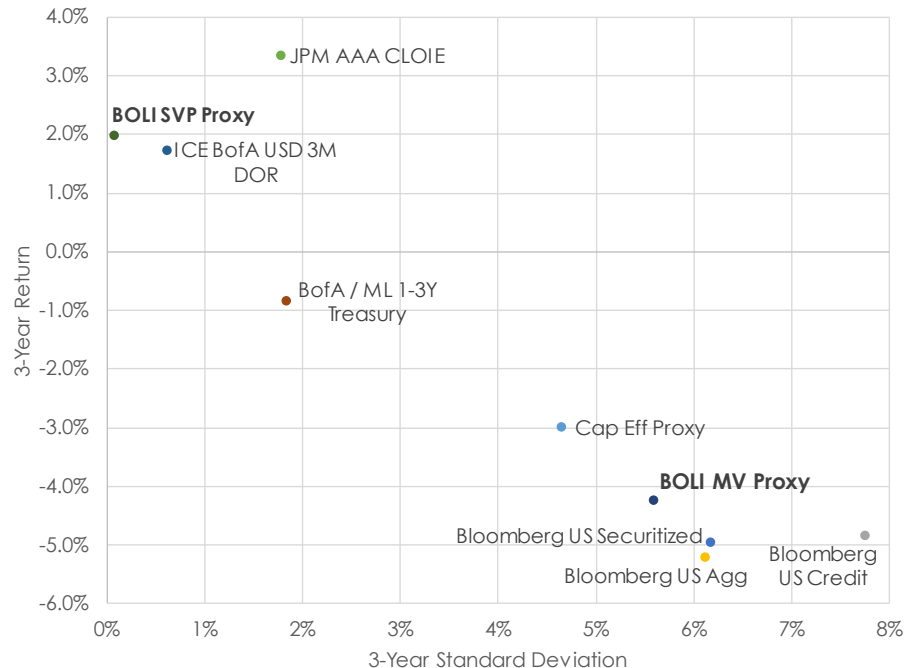
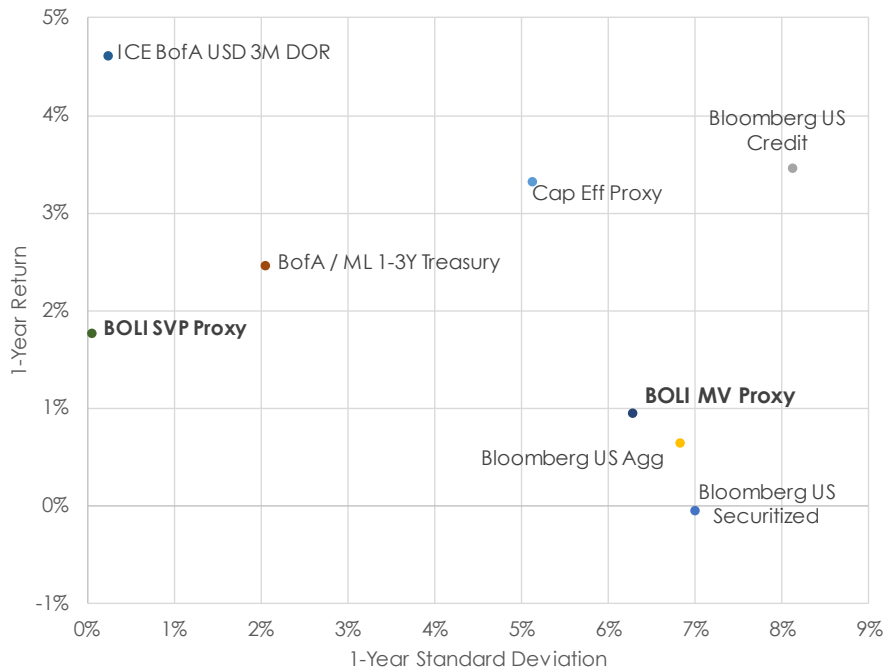
Using common benchmarks for the categories, a proxy for the industry's SA Q3 MV performance is estimated at -3.01%

	Benchmark	Quarter	1-Year	3-Year	5-Year	Weights
Cap Efficient / Multi Sector	[Proxied by a sector blend]	-1.65%	3.32%	-1.93%	1.35%	10.42%
High Yield	<i>Bloomberg High Yield</i>	0.17%	9.40%	0.66%	2.88%	0.48%
Credit	<i>Bloomberg US Credit</i>	-3.01%	3.46%	-4.83%	0.86%	1.30%
Core Fixed Income	<i>Bloomberg US Agg</i>	-3.23%	0.64%	-5.21%	0.10%	19.45%
MBS / Securitized	<i>Bloomberg US Securitized</i>	-3.81%	-0.04%	-4.95%	-0.63%	60.10%
CLO / Bank Loan	<i>CLOE Index</i>	2.43%	9.05%	3.36%	3.11%	1.52%
Short Duration	<i>ICE BofA USD 3M DOR</i>	1.37%	4.62%	1.73%	1.87%	4.54%
Government	<i>BofA / ML 1-3Y Treasury</i>	0.74%	2.47%	-0.84%	1.05%	2.18%
<b>Industry Proxy MV Performance using rolling weights:</b>		<b>-3.01%</b>	<b>0.96%</b>	<b>-4.23%</b>	<b>-0.01%</b>	
Industry Proxy Stable Value Performance:		0.50%	1.78%	1.98%	2.21%	

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



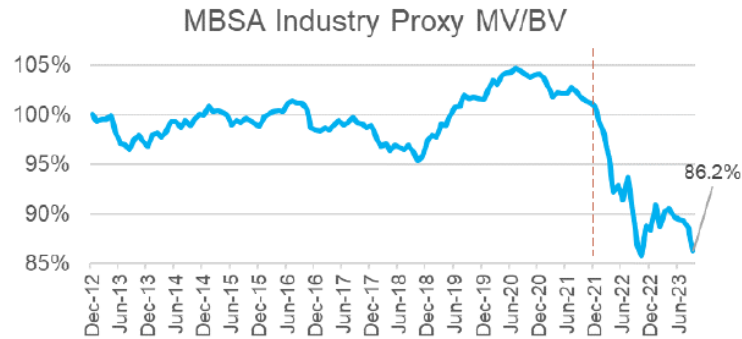
Data as of 2023-Q3

# Industry MV/BV Ratio Developments

Ratios fell modestly in July and August and very sharply in September. Overall, ratios decreased ~3.2% from Q2 to Q3

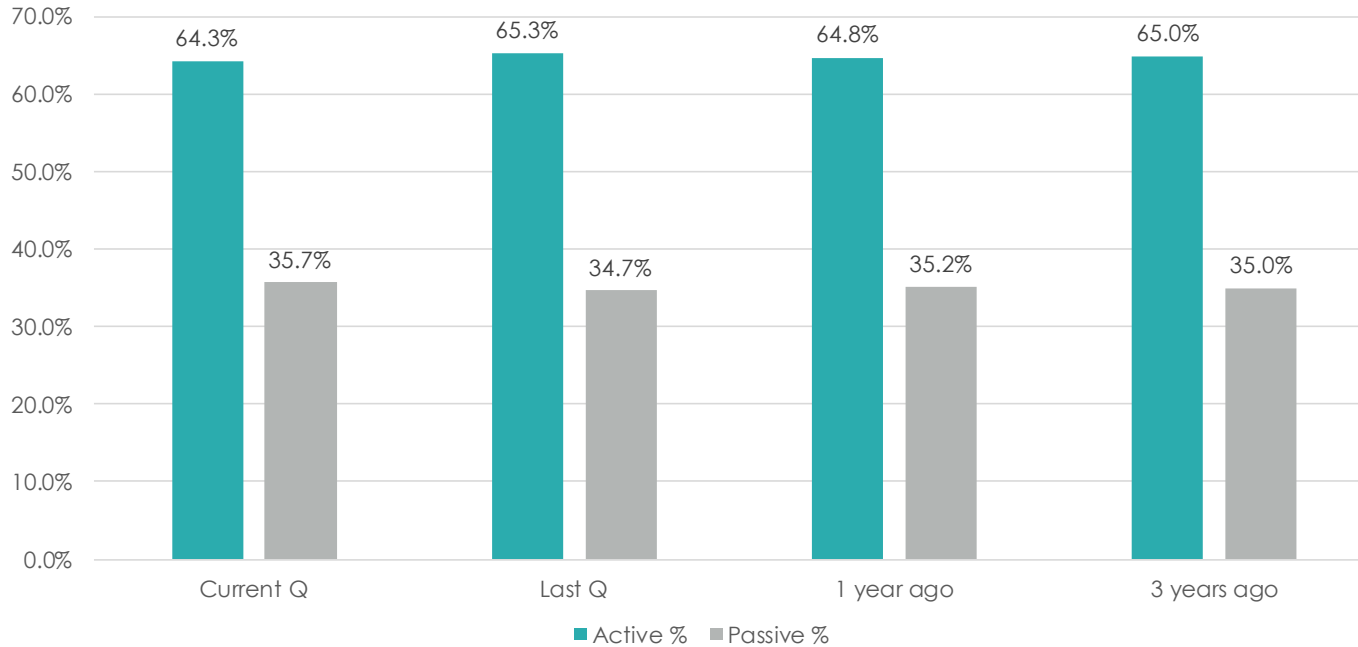
- MBSA began compiling market value and book value data to monitor the overall MV/BV ratios of BOLI allocations
  - ❖ As of Q3, the total MV in the carrier aggregate values was ~\$49 billion
- Additionally, using our proxy MV and BV performance monitoring from the prior pages, we calculate a proxy overall MV/BV ratio for the industry

	<b>Carrier Aggregate MV/BV</b>	<b>MBSA Industry Proxy MV/BV</b>
12/31/2021	100.9%	100.9%
3/31/2022	95.1%	95.5%
6/30/2022	91.1%	91.2%
9/30/2022	86.5%	86.7%
12/31/2022	88.2%	88.2%
3/31/2023	89.9%	90.2%
6/30/2023	89.1%	89.3%
9/30/2023	85.9%	86.2%



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

# Active / Passive Management Breakdown



# Legislative, Regulatory, Judicial, Tax and Accounting Updates

# Noteworthy Judicial Developments

## MOVEit Data Breach Litigation – Update (Oct)

- On October 4 a United States Judicial Panel on Multidistrict Litigation issued a Transfer Order to centralize the litigation regarding a vulnerability in a widely-used file transfer software that resulted in a widespread data security breach.
- According to the Transfer Order, the panel has been notified of 91 related actions in 22 districts. Several parties (both plaintiffs and defendants) opposed centralization. The panel elected to centralize the litigation in the District of Massachusetts, primarily because the owner of the MOVEit file transfer software, Progress Software Corp., is headquartered in Burlington, MA.
- The Transfer Order noted:
  - ❖ All actions can be expected to share factual questions arising from allegations that a vulnerability in Progress Software Company's MOVEit Transfer and MOVEit Cloud file transfer services was exploited by a Russian cybergang in May 2023, which to date is estimated to have compromised the personally identifying information (PII)<sup>4</sup> of over 55 million people.
- We will continue to monitor the status of this multi-district litigation.

# Noteworthy Tax Developments

## [No Tax-Related Items Covered This Quarter]

- To view prior quarter topics, please visit the LRA Library on our website.

# Noteworthy Accounting Developments

## IRS Issues Final Regulations to Update Pension Plan Mortality Tables (Oct)

- On October 20 the IRS published final regulations setting new mortality tables to be used for most defined benefit pension plans ([88 Fed. Reg. 72,357](#)), relevant in determining minimum funding requirements and minimum lump-sum distributions of such plans as codified in IRS Section 430. These regulations will apply to valuation dates starting January 1, 2024. The last IRS update to these mortality tables occurred in October 2017. The new regulations were initially proposed in April 2022.
- The new mortality tables use the Pri-2012 Private Retirement Plans Mortality Tables Report ([Pri-2012 Report](#)) published in 2019 by the Retirement Plan Experience Committee (RPEC) of the Society of Actuaries (SOA), scaled with mortality improvements using the Mortality Improvement Scale MP-2021 Report ([MP-2021 Report](#)) published by RPEC. The MP-2021 Report is the most recent mortality improvement scale published by RPEC, with historical population data through 2019. RPEC chose not to publish a Mortality Improvement Scale in their [2022 Mortality Improvement Update](#), due to, as the IRS noted, concerns "it would not be appropriate to incorporate, without adjustment, the substantially higher rates of mortality experience from 2020 into the models RPEC had previously used to project future mortality" (with higher mortality a result both directly and indirectly from the COVID pandemic). RPEC did recommend some increase in mortality rates in their update without specifying the level of increase.

Continued...

# Noteworthy Accounting Developments

## IRS Issues Final Regulations to Update Pension Plan Mortality Tables (Oct) Continued

- In their final rules, the IRS adopted the mortality tables it noted above (Pri-2012 Report with mortality improvement using the MP-2021 Report) with two major modifications to the improvement scale to create what it refers to as the 2024 Adjusted Scale MP-2021 Rates:
  - ❖ Any mortality improvement rates in the MP-2021 Report in the years 2020, 2021, 2022, and 2023 were eliminated from the IRS final mortality tables.
  - ❖ In response to section 335 of the SECURE 2.0 Act, any annual mortality improvement in years 2024 or later was capped at 0.78%
- It is worth noting that RPEC released another annual Mortality Improvement Update (RPEC 2023 Mortality Improvement Update) this month, which was not referenced in the final IRS regulations. RPEC again declined to provide an update to the mortality improvement scale as it continues to review mortality data coming out of the COVID pandemic. In that report, RPEC noted “The first half of 2023 has shown population mortality levels that are close to pre-pandemic trends in aggregate... While there is still considerable excess mortality among working-aged adults during this period, mortality rates for ages over 65 have been below projections based on pre-pandemic trends.” They also noted in the report that mortality for nearly all causes of death was higher in 2020-2021 than in recent prior years (excess mortality was not just from COVID-19 deaths), and that attempting to separate excess mortality due to the pandemic and other excess mortality would both be impractical due to data limitations and not recommended since this other excess mortality is likely inextricably linked to the pandemic.
- The impact of the new IRS mortality table rules on funding requirements for defined benefit pension plans will certainly vary, due to the complex nature of modified generational mortality tables and also the actual mortality experience for those plans large enough to blend their own mortality experience with the IRS rule. However, it is important to note that the increase in interest rates in recent years will have a relative effect of decreasing defined benefit pension plans' funding requirements, which could in many situations be more impactful than changes in mortality assumptions.

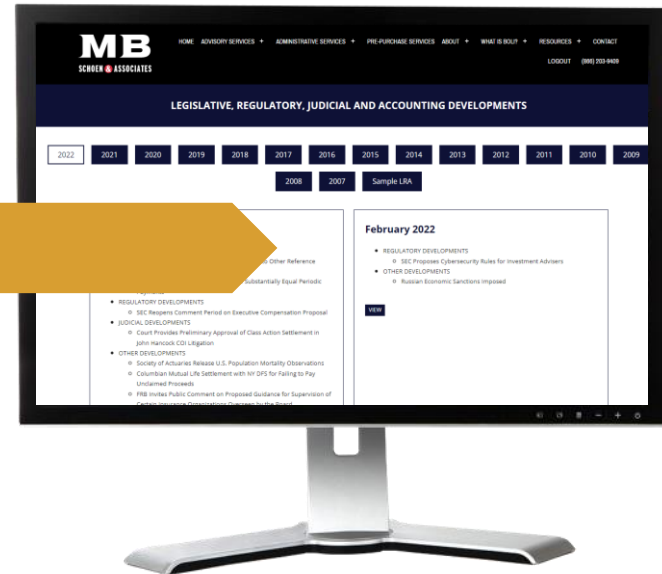


# Easily track developments that could impact your BOLI program

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LEGISLATIVE, REGULATORY, JUDICIAL,  
AND ACCOUNTING DEVELOPMENTS



# Noteworthy Regulatory Developments

## Basel III Endgame Proposal – Update (Sep)

- On September 12 various banking and financial services trade associations (including the American Banker Association, SIFMA, and Bank Policy Institute) [submitted a letter](#) to the banking regulators requesting that the regulatory capital rule be re-proposed in conjunction with expanded information on the underlying data and assumptions used by the regulators in drafting the proposals. The comment letter also requested an extension to the comment period.
- Below are a few excerpts from the letter addressing topics that could potentially impact the RWA of BOLI programs:
  - ❖ **Securitizations:** The proposed rule increases the “supervisory parameter p for securitizations that are not re-securitization exposures from 0.5 to 1.0” to offset the decrease in “risk weights applicable to certain underlying assets under the proposal . . . and the proposed reduction in the risk-weight floor under SEC-SA for securitization exposures that are not re-securitization exposures.” No analysis used to calibrate the increase in the “p” parameter to offset the decrease in credit risk weights has been made available to the public.
  - ❖ **Investment Grade Corporates:** In order to justify a requirement that a corporate borrower or its parent company have securities outstanding that are publicly traded in order for its exposures to qualify for a preferential “investment-grade” risk weight, the proposal flatly asserts with no data or explanation that “publicly-traded corporate entities are subject to enhanced transparency and market discipline as a result of being listed publicly on an exchange.” Presumably, the agencies have concluded that company disclosures under the Securities Exchange Act of 1934 create this transparency and market discipline, but they do not explicitly state as much, nor do they make any attempt to tie these qualities to improved creditworthiness vis-à-vis unlisted borrowers, such that only publicly listed companies should qualify for the preferential risk weight.
  - ❖ **Derivatives (Credit Valuation Adjustment):** The proposed rule would scale the capital requirement under the basic credit valuation method used to calculate the capital charge for credit valuation adjustment risk “by a factor of 0.65” to “ensure” that the basic approach “is calibrated appropriately relative to the” standardized approach.” Neither the analysis justifying the 0.65 factor, nor any explanation for what the agencies deem “appropriate” calibration, has been publicly released.

# Noteworthy Regulatory Developments

## Agencies Extend Comment Period on Proposed Rules to Strengthen Large Bank Capital Requirements (Oct)

- On October 20 the banking regulators [announced](#) that the comment period for the so-called Basel III Endgame proposed rule will be extended from November 30 to January 16, 2024.
- We have completed an initial review of the proposed rule's potential implications for BOLI and have shared our findings with affected clients and other interested parties. We anticipate working on a comment letter to seek clarification on a few topics and welcome further discussion on the proposal.

## Federal Reserve Board Finalizes Capital Requirements for Supervised Insurance Organizations (Oct)

- On October 6 the Federal Reserve Board [finalized a rule](#) establishing capital requirements for insurers supervised by the Board ("Supervised Insurance Organizations" or "SIOs"). The final rule is substantially similar to the proposed rule that was issued in September 2019.
- The final rule includes a framework, known as the Building Block Approach, whereby an SIO is required to aggregate its top-tier company's capital requirements with its subsidiaries' requirements to determine its enterprise-wide requirement.
- At present, there are five SIOs that will be subject to Board supervision:
  - ❖ Ameriprise Financial, Inc. ;The Auto Club Group; First American Financial Corporation; Ohio Farmers Insurance Company and United Services Automobile Association
- We do not expect this development to have any impact on the BOLI/COLI industry.

# Noteworthy Regulatory Developments

## SEC's Final "Clawback" Rule – Potential 409A Issues (Nov)

- In October 2022 the SEC adopted final rules stipulating that public companies and certain other companies must adopt clawback policies to recover erroneously awarded incentive-based compensation from its executive officers. Compliant policies are required by December 1, 2023.
- The Groom Law Group has written a [publication](#) alerting employers and nonqualified plan administrators of potential pitfalls related to Code section 409A that may apply if an entity were to elect to recover incentive-based compensation from nonqualified plan benefits. Groom notes that "... if an executive's right to deferred compensation is reduced (or otherwise is assigned or pledged) to satisfy a debt to the employer, then the deferred compensation is treated as paid to the executive." Such an arrangement could trigger 409A penalties.
- We encourage readers to review Groom's publication for more detailed information on this matter.

# Noteworthy Legislative Developments

## [No Legislative-Related Items Covered This Quarter]

- To view prior quarter topics, please visit the LRA Library on our website.

# Other Noteworthy Developments

## NAIC Financial Condition (E) Committee – Framework for Regulation of Insurer Investments (Sep)

- At its summer national meeting in Seattle on August 15, the Financial Condition (E) Committee of the NAIC reviewed a memo titled Framework for Regulation of Insurer Investments – A Holistic Review (see [Attachment Sixteen](#)).
- Of note, the NAIC indicated support for ongoing efforts to improve the consistency of RBC factors for insurer investments across asset classes, noting that, “While perfection under a principle of ‘Equal Capital for Equal Risk’ is likely unachievable, it should nevertheless be a goal to create consistent standards to the highest degree practicable.” A specific example of private credit funds was described, where the underlying assets are fixed income, but certain regulatory “barriers” cause them to be assigned equity factors. The memo observes that this, in turn, causes insurers to structure such investments through securitization in order to receive a fixed income charge. Further, it is noted that such structuring may “overcorrect” and lead to capital arbitrage.
- Another notable objective set forth in the memo was to reduce “blind” reliance on credit rating providers (CRPs) but retain overall utilization of CRPs with the implementation of a strong due diligence framework (designed by an external consultant). The memo observes that it would be inefficient for the SVO to effectively replicate the capabilities of CRPs on a large scale.
- Finally, at the annual meeting, Superintendent Dwyer made it clear that the multiple investment-related workstreams underway would not be paused.

# Other Noteworthy Developments

## Basel Committee On Banking Supervision Report on 2023 Banking Turmoil (Oct)

- On October 5 the Basel Committee on Banking Supervision released a [Report on the 2023 Banking Turmoil](#). In addition to reviewing what happened at Silicon Valley Bank, Signature Bank, Credit Suisse and First Republic, the report includes “lessons learnt” for both bank supervision and prudential regulation.
- On the regulatory front, the report focused on liquidity standards, interest rate risk and the impact of unrealized losses of HTM securities in relation to regulatory capital.

# 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 and Annuity Corporation
- New York Life Insurance Company
- Northwestern Mutual Life Insurance Company
- USAA Life Insurance Company

## Insurance Carriers Rated AA

- Canada Life Assurance Co. (US Branch)
- Empower Annuity Insurance Company of America
- Zurich Insurance Company

## Insurance Carriers Rated AA-

- John Hancock Life Insurance Company (USA)
- 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
- Lincoln National Life Insurance Company
- 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 BBB+

- Delaware Life Insurance Company
- Talcott Resolution Life Insurance Company

\*Categories based on S&P's Financial Strength Rating as November 15, 2023

# Current Moody's Financial Strength Ratings

## Insurance Carriers Rated Aaa

- New York Life Insurance and Annuity Corporation
- New York Life Insurance Company
- Northwestern Mutual Life Insurance Company

## Insurance Carriers Rated Aa1

- Guardian Life Insurance Company of America
- USAA Life Insurance Company

## Insurance Carriers Rated Aa2

- None

## Insurance Carriers Rated Aa3

- Canada Life Assurance Co. (US Branch)
- Empower Annuity Insurance Company of America
- 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

- Athene Annuity and Life Company
- Equitable Financial Life Insurance Company
- Equitable Financial Life Insurance Co. of America
- John Hancock Life Insurance Company (USA)
- 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
- Lincoln National Life Insurance Company
- Reliastar Life Insurance Company
- U.S. Life Insurance Company in The City of NY

## Insurance Carriers Rated A3

- Brighthouse Life Insurance Company
- Jackson National Life Insurance Company

## Insurance Carriers Rated Baa1

- Security Life of Denver Insurance Company

## Insurance Carriers Rated Baa2

- Talcott Resolution Life Insurance Company

\*Categories based on Moody's Insurance Financial Strength Rating as of November 15, 2023

# Ratings or Outlook Revisions

## American International Group, Inc.

- Outlook changed from negative to **stable** by Moody's (Nov)

## Bank of America, N.A.

- Outlook changed from stable to **negative** by Moody's (Nov)

## Government of United States of America

- Outlook changed from stable to **negative** by Moody's (Nov)

## Jackson National Life Insurance Company

- Rating **downgraded** from A2 to A3 by Moody's (Nov)

## JPMorgan Chase Bank, N.A.

- Outlook changed from stable to **negative** by Moody's (Nov)

## Lincoln National Corporation

- Rating **downgraded** from Baa1 to Baa2 by Moody's (Oct)

## Lincoln National Life Insurance Company

- Rating **downgraded** from A1 to A2 by Moody's (Oct)

## New York Life Insurance and Annuity Corporation

- Outlook changed from stable to **negative** by Moody's (Nov)

## New York Life Insurance Company

- Outlook changed from stable to **negative** by Moody's (Nov)

## Northwestern Mutual Life Insurance Corporation

- Outlook changed from stable to **negative** by Moody's (Nov)

## Reliastar Life Insurance Company

- Outlook upgraded from stable to **positive** by Fitch (Oct)

NEED UP TO DATE COUNTERPARTY TRACKING ?

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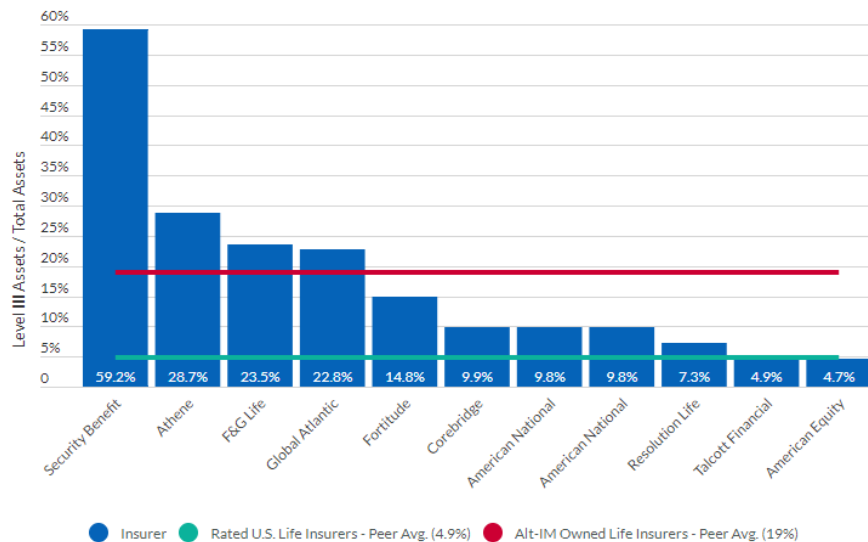
# Industry Developments

## Fitch Report on US Life Insurer Private Credit Risk (Oct)

- Fitch released a report regarding private credit risk increasing for US life insurers. The report notes that Fitch expects weaker asset quality to emerge in private credit assets; however, there is no expectation that insurers will face pressure on ratings due to the relatively small exposure to the sector. The report includes the following chart, highlighting that alternate investment manager owned insurers have four times the amount of illiquid assets compared to other insurers.

Alt IM-Owned Insurer Illiquid Asset Allocation is 4x Larger Than Rated Life Insurers

Level III FMV Assets / Total FMV Financial Assets (%) as of YE22



Note: FMV - Fair Market Value. Level 3 assets are highly illiquid with limited pricing visibility. Rated U.S. insurer peer group, avg. excludes alt IM insurers.

Source: Fitch, SNL Financial.

FitchRatings

# COUNTERPARTY TRACKING SYSTEM

✓ Risk Management

Monitor credit of BOLI Carriers, SVP Providers, and other counterparties

✓ Exclusive Access to Ratings

We offer an extensive database of Financial Strength Ratings & Issuer Credit Ratings

✓ Monthly Newsletter

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

## Custom Reports

Net Rating Changes by Period (Number of Notches)					
2022 Q1	2021 Q4	2022 YTD	2021	2020	2019
-	-	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-2	-	1
-	-	-	-1	-	-
-	-	-	-1	-	-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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