



Evolving Trends in Bank-Owned Life Insurance

Complimentary Edition – 2023-Q4

March 2024

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Economic Backdrop

Economic Updates

Federal Reserve & Yield Curve

- All tenors of the yield curve decreased during the quarter, with the 10Y falling 69bp
- Towards the end of the quarter, expectations of 2024 Fed cuts increased quickly

Sector Returns

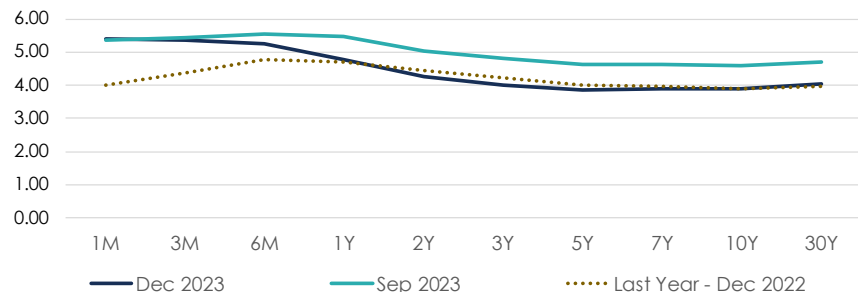
- After a slow start in October, the market turned sharply in November and December, with Fixed Income sectors posting significant positive performance in those months, and for Q4 in total
- In a reversal of Q3, the S&P 500 posted a very strong 11.7% return while the energy sector was the lone negative contributor

US Economy

- Inflation numbers continue to drive the narrative, among other headlines including consumer spending, higher oil prices, and uncertainty surrounding the impact of artificial intelligence on the labor market

Financial Markets Update

US Treasury Yields



	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	30Y
Dec 2023	5.40	5.34	5.26	4.77	4.25	4.01	3.85	3.88	3.88	4.03
Sep 2023	5.36	5.45	5.55	5.46	5.05	4.80	4.61	4.62	4.57	4.70
Q Change	0.04	-0.11	-0.29	-0.69	-0.80	-0.79	-0.76	-0.73	-0.69	-0.67
Dec 2022	4.00	4.37	4.76	4.71	4.43	4.23	4.01	3.97	3.88	3.97
Year Change	1.40	0.97	0.50	0.06	-0.18	-0.22	-0.16	-0.09	0.00	0.06

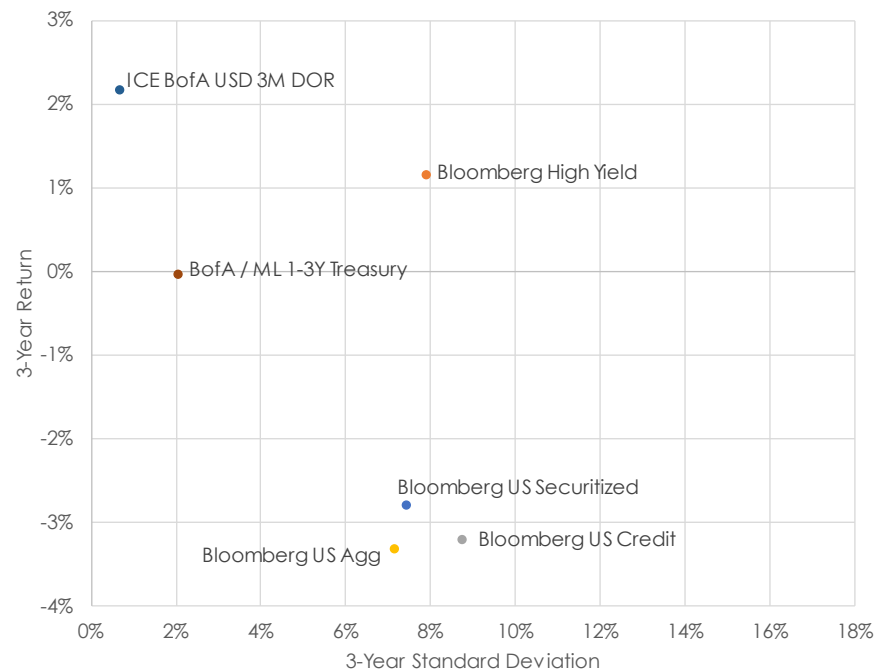
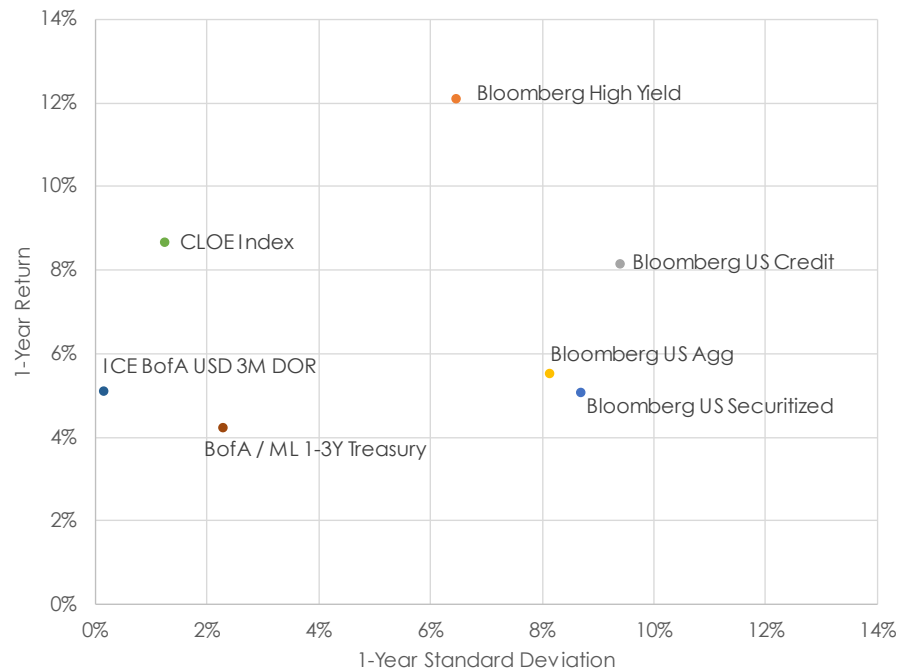
Sector Performance (As of Q4)

	YTW	Duration	OAS	3M Return	12M Return	3Y Return	5Y Return
Treasuries	4.08%	6.18	0.00%	5.66%	4.05%	-3.83%	0.53%
Corporate	5.06%	7.09	0.99%	8.50%	8.52%	-3.29%	2.63%
CMBS	5.27%	4.42	1.26%	5.25%	5.42%	-2.46%	1.68%
ABS	4.96%	2.70	0.68%	3.48%	5.54%	0.22%	1.92%
Credit Card ABS	4.84%	2.12	0.54%	3.00%	5.10%	-0.79%	1.36%
Auto ABS	5.09%	1.85	0.76%	2.87%	5.49%	0.44%	1.98%
Agency MBS	4.68%	5.89	0.47%	7.48%	5.05%	-2.86%	0.25%
GNMA	4.71%	5.60	0.40%	7.30%	5.40%	-2.50%	0.34%
FHLHC	4.61%	4.80	0.52%	7.06%	5.40%	-2.90%	0.29%
FNMA	4.68%	6.02	0.48%	7.55%	4.93%	-2.88%	0.30%
Palmer CLO AAA	5.74%	0.07		2.18%	8.67%	3.66%	

*Discount Margin

	3M Return	12M Return	3Y Return	5Y Return
SP 500	11.69%	26.29%	10.00%	15.69%
Energy	-6.94%	-1.33%	36.24%	13.40%
Materials	9.69%	12.55%	7.92%	13.58%
Industrials	13.05%	18.13%	10.59%	14.21%
Consumer Discretionary	12.42%	42.41%	3.72%	13.73%
Consumer Staples	5.54%	0.52%	5.82%	10.86%
Health Care	6.41%	2.06%	8.07%	11.59%
Financials	14.03%	12.15%	10.65%	11.97%
IT	17.17%	57.84%	15.10%	26.95%
Telecom	10.95%	55.80%	4.42%	13.31%
Utilities	8.56%	-7.08%	3.56%	7.11%

1 & 3-Year Benchmark Risk/Return Plots

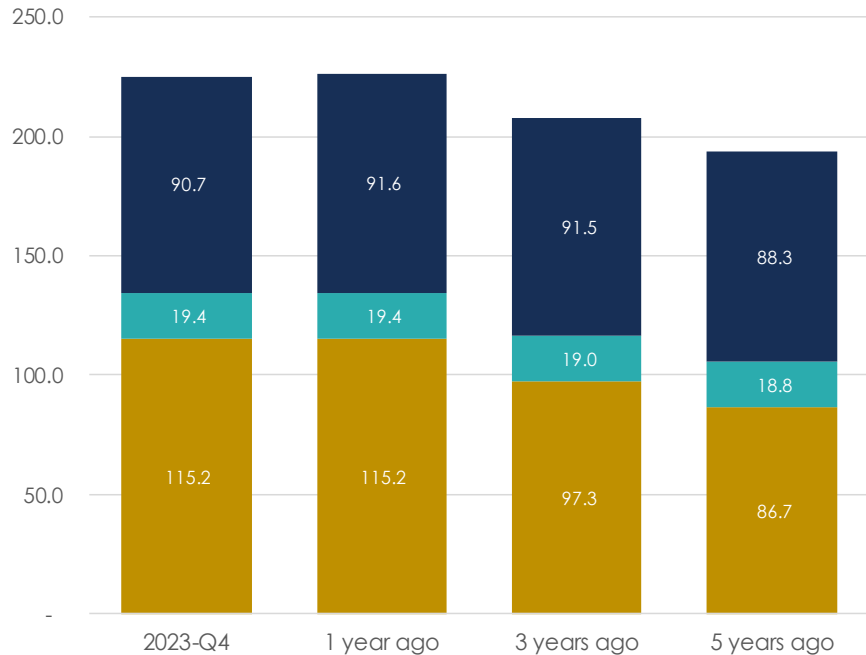


Data as of 2023-Q4

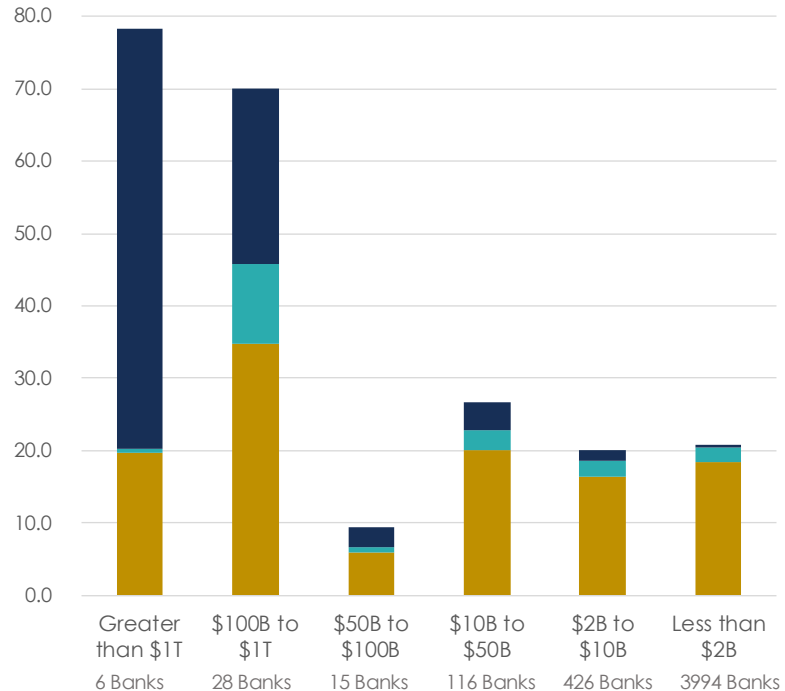
Recent Trends in BOLI

BOLI Market Overview as of 2023-Q4

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

8 Copyright MB Schoen & Associates, Inc.

SA

GA

Hybrid

BOLI Market Overview as of 2023-Q4

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%	14,235	19.7	0.7	58.0	78.3	7.14%	0.55%
\$100 Billion to \$1 Trillion	28	82%	7,426	34.7	11.0	24.2	70.0	9.97%	0.94%
\$50 Billion to \$100 Billion	15	93%	1,050	6.0	0.6	2.7	9.3	8.61%	0.89%
\$10 Billion to \$50 Billion	116	81%	2,533	20.1	2.8	3.8	26.6	9.51%	1.05%
\$2 Billion to \$10 Billion	426	83%	1,754	16.4	2.2	1.5	20.1	9.93%	1.14%
Less than \$2 Billion	3,994	66%	1,705	18.3	2.1	0.4	20.9	10.21%	1.22%
TOTALS	4,585	68%	28,702	115.2	19.4	90.7	225.2	8.68%	0.78%

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)	SA RWA / SA Exposure	Average Bank RW%
Greater than \$1 Trillion	6	100%	58.4	17.3	29.7%	29.5%
\$100 Billion to \$1 Trillion	28	82%	29.9	13.4	45.0%	52.9%
\$50 Billion to \$100 Billion	15	93%	3.2	2.7	84.2%	70.0%
\$10 Billion to \$50 Billion	116	81%	6.0	3.8	64.2%	81.4%
\$2 Billion to \$10 Billion	426	83%	3.4	2.9	83.9%	92.7%
Less than \$2 Billion	3,994	66%	1.7	1.6	92.9%	100.4%
Total	4,585	68%	102.6	41.8	40.7%	95.2%

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)
TOTAL												
2023-Q4	5	322	16	350	21	672	8	-305	10	-545	18	-850
1-Year	7	381	39	1,317	46	1,698	11	-437	21	-2,363	32	-2,800
3-Year	121	8,651	211	7,017	332	15,668	16	-1,276	51	-3,263	67	-4,539
5-Year	167	12,276	292	9,022	459	21,298	20	-1,383	65	-3,972	85	-5,355
SA												
2023-Q4	1	62	5	132	6	194	1	-33	4	-392	5	-425
1-Year	1	62	10	213	11	275	1	-33	6	-1,636	7	-1,670
3-Year	6	169	24	854	30	1,023	3	-88	17	-1,906	20	-1,994
5-Year	9	265	30	1,153	39	1,418	5	-149	23	-2,248	28	-2,397
GA												
2023-Q4	4	260	11	218	15	479	5	-216	3	-88	8	-304
1-Year	6	319	27	1,070	33	1,389	8	-348	8	-589	16	-937
3-Year	113	8,367	176	5,932	289	14,299	10	-1,122	17	-1,030	27	-2,152
5-Year	156	11,896	250	7,623	406	19,519	11	-1,126	25	-1,397	36	-2,523
HYBRID												
2023-Q4	0	0	0	0	0	0	2	-56	3	-66	5	-122
1-Year	0	0	2	34	2	34	2	-56	7	-137	9	-193
3-Year	2	115	11	230	13	345	3	-66	17	-327	20	-393
5-Year	2	115	12	246	14	361	4	-108	17	-327	21	-435

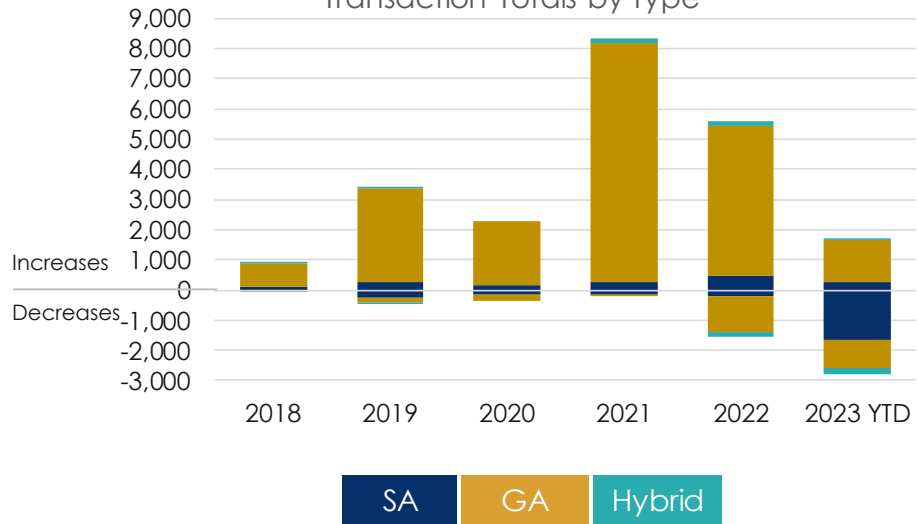
Listings of activity by institution are available upon request

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-Q4, Pinnacle purchased \$120 million of GA, as part of a restructure which included a decrease of \$22 million of HY
- In 2023-Q4, Associated's GA increased by \$55 million, alongside a \$51 million decrease in SA
- In 2022-Q3, US Bank's GA BOLI increased by ~\$1.24 billion

Recent Notable Surrenders / Decreases

- In 2023-Q4, Morgan Stanley's SA decreased by \$311 million
- In 2023-Q4, Horizon Bcorp surrendered \$78 million of GA and \$34 million of HY
- 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

Recent BOLI Transactions

Movement or Transactions of \$10M or More

Restructures

- An increasing number of banks have reported off-setting amounts of multiple types of BOLI
- Some of these instances are publicly stated restructures, aimed at improving the economics of the program
 - ❖ Some restructures have included enhancements (see pages 49 and 50 for details)
- A list of observed instances in 2023-Q4 include (in millions):

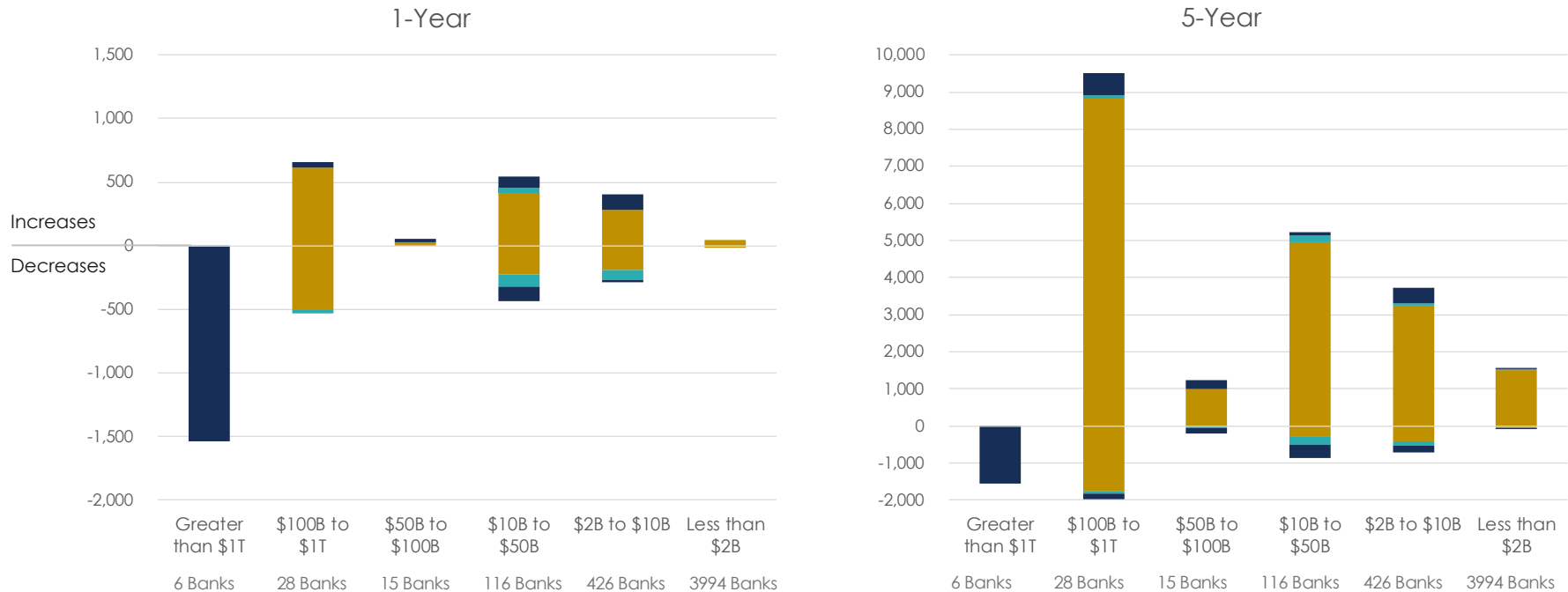
	SA	GA	Hybrid
❖ Associated Banc-Corp	-51	+55	
❖ Central Pacific Financial Corp	+14	-12	
❖ CVB Financial Corp	-33	+82	
❖ Financial Institutions Inc	+62	-43	
❖ Hawaiian Electric Industries		+64	-62
❖ New York Community Bcorp Inc		+27	-22
❖ Pinnacle Finl Partners Inc		+120	-22
❖ Southstate Corp		+19	-13

- Banks that have publicly noted restructuring activity of GA to different GA include:
 - ❖ Amerant Bank
 - ❖ Kearny Bank
 - ❖ Citizens & Northern Bank
 - ❖ Lake Shore Savings Bank

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings

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

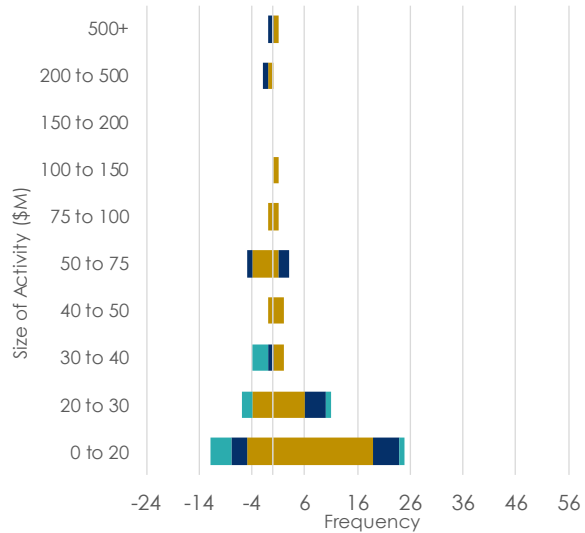
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Frequency of BOLI Transaction Sizes

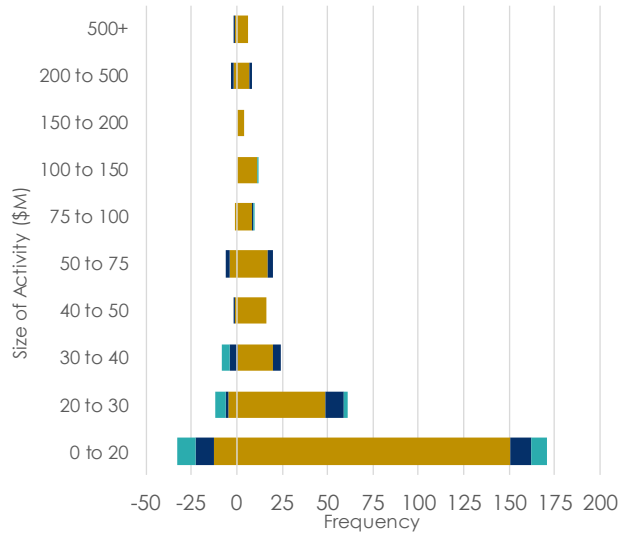
Movement or Transactions of \$10M or More

- Over the past 5 years, over 67% of transactions have been below \$30 Million, while 9% are over \$100 million

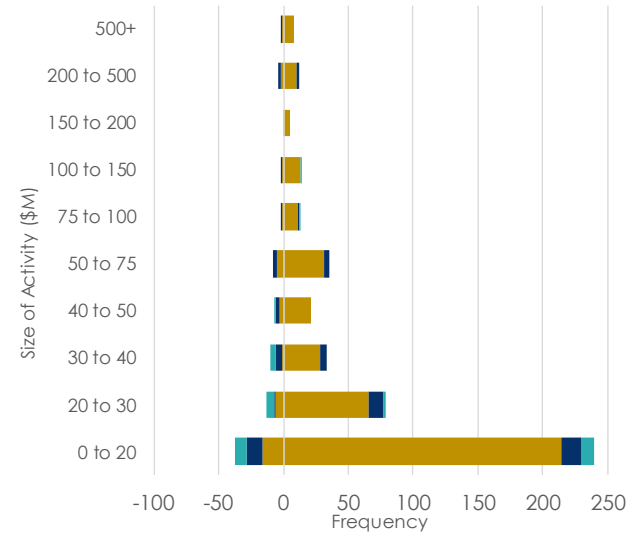
1-Year



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

SA

GA

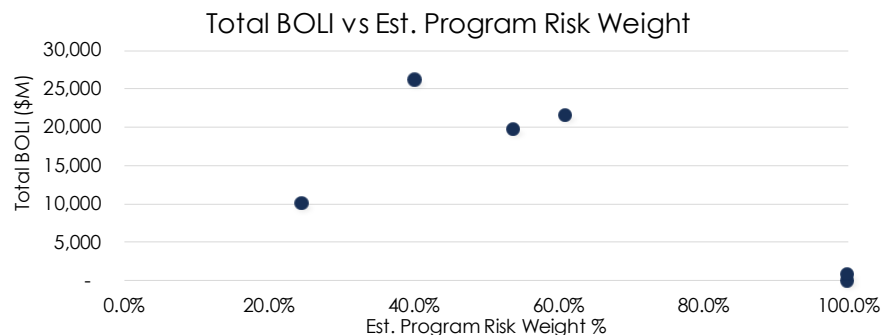
Hybrid

Market Analytics By Bank Size

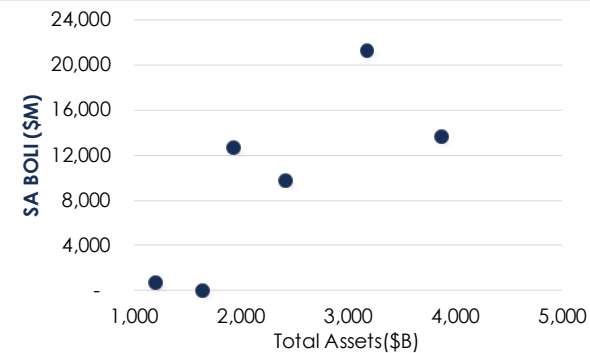
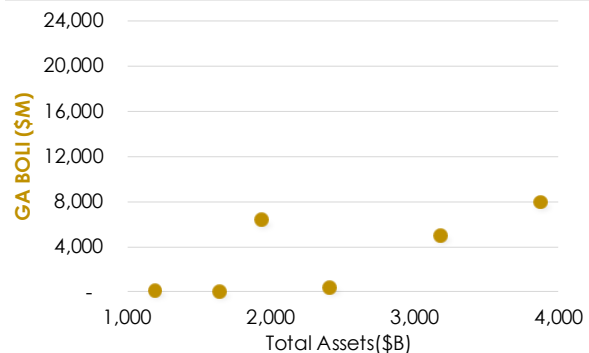
Banks with over \$1T in Total Assets

6 of 6 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	19,679	659	57,976	78,314	7%
Average	3,280	110	9,663	13,052	6%
Last Q # of Increases	-	-	-	-	
Increase Total (\$M)	-	-	-	-	
Last Q # of Decreases	-	-	1	1	
Decrease Total (\$M)	-	-	(311)	(311)	



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												
2023-Q4	0	0	0	0	0	0	0	0	1	-311	1	-311
1-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
3-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
5-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
SA												
2023-Q4	0	0	0	0	0	0	0	0	1	-311	1	-311
1-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
3-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
5-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
GA												
2023-Q4	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												
2023-Q4	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

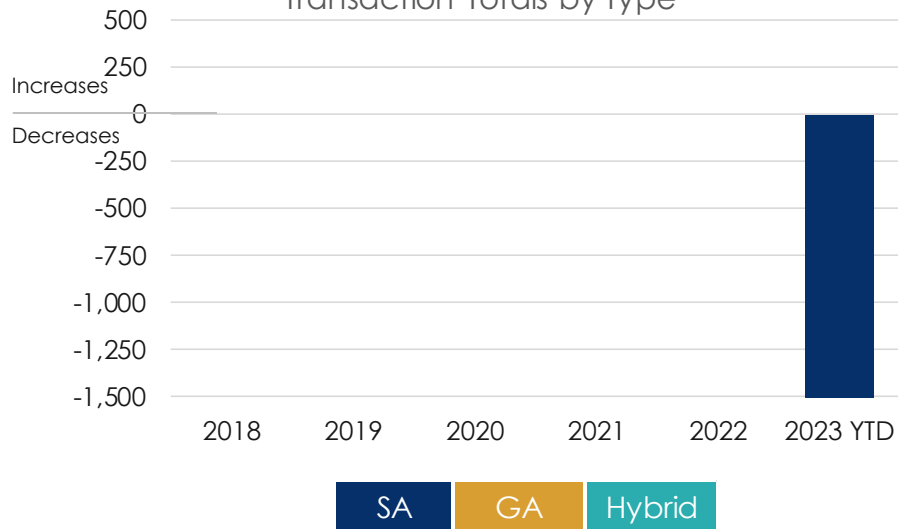
Listings of activity by institution are available upon request

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

- Morgan Stanley's SA decreased by \$311 million

Recent Notable Actions

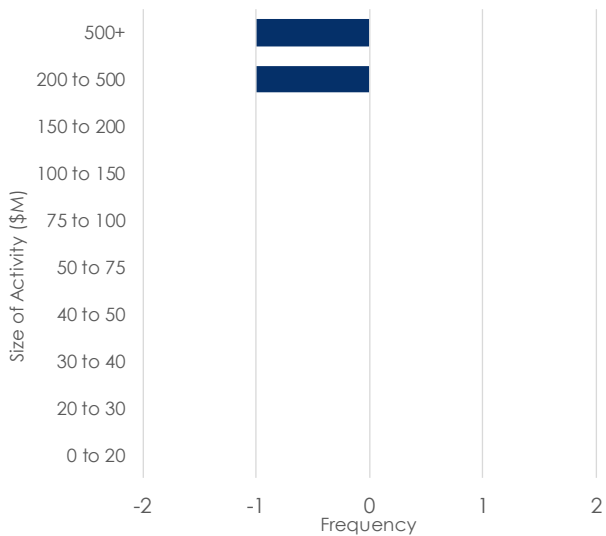
- Wells Fargo Bank's SA decreased by ~\$1.23 billion

Frequency of BOLI Transaction Sizes

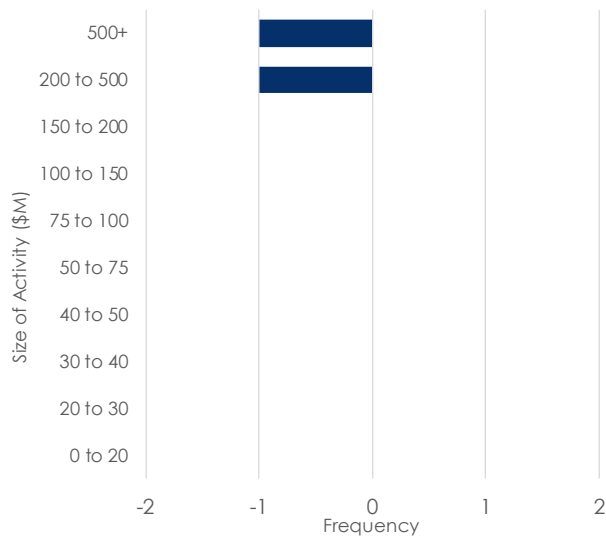
Banks with over \$1T in Total Assets

- While they own over a third of all BOLI, MBSA has only tracked 2 transactions (not related to M&A) over the last 5 years

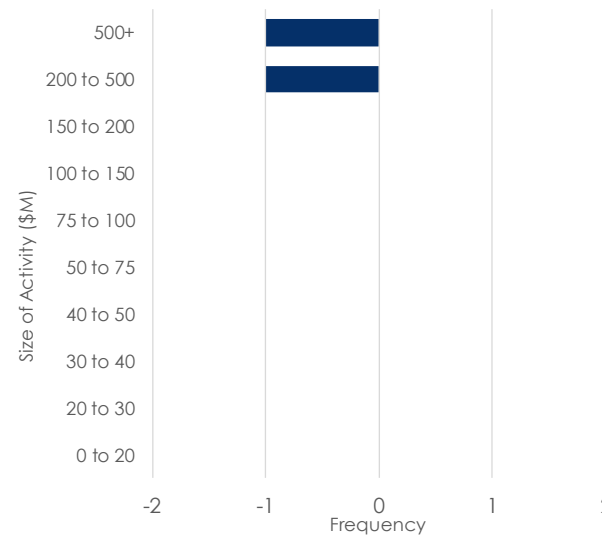
1-Year



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

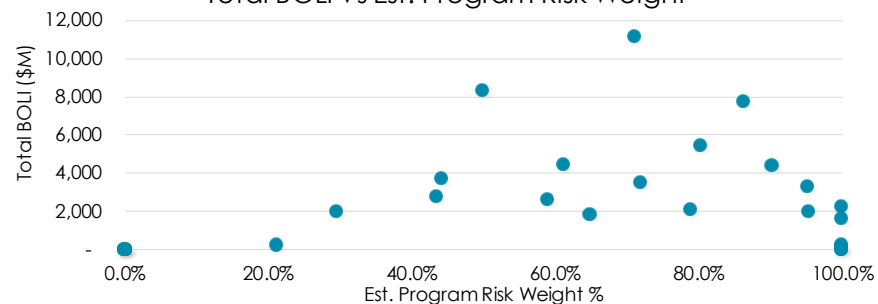
Market Analytics By Bank Size

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

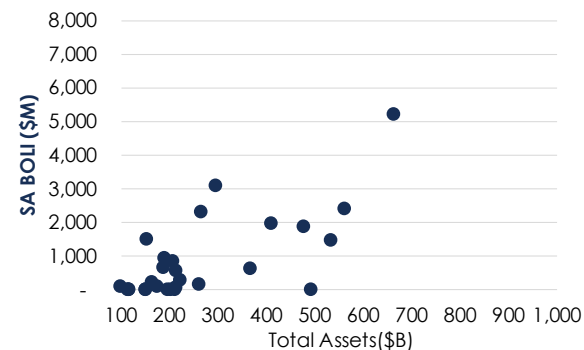
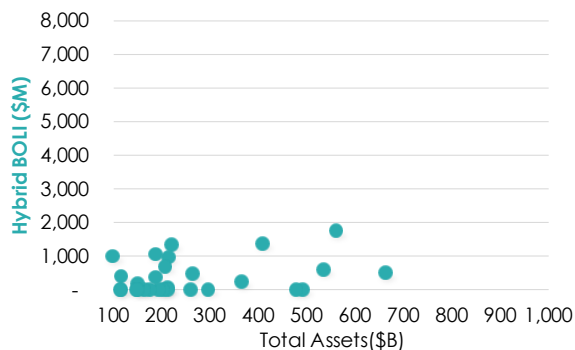
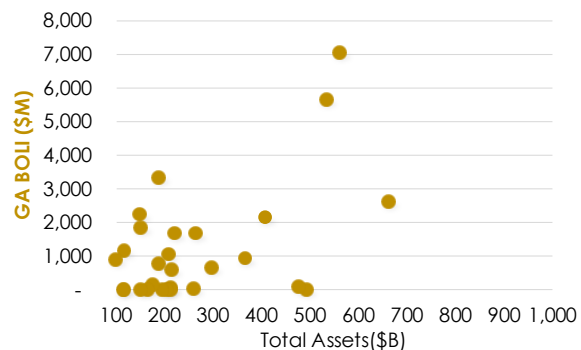
23 of 28 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	34,728	11,020	24,242	69,990	10%
Average	1,240	394	866	2,500	23%
Last Q # of Increases	1	-	-	1	
Increase Total (\$M)	27	-	-	27	
Last Q # of Decreases	-	1	-	1	
Decrease Total (\$M)	-	(22)	-	(22)	

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

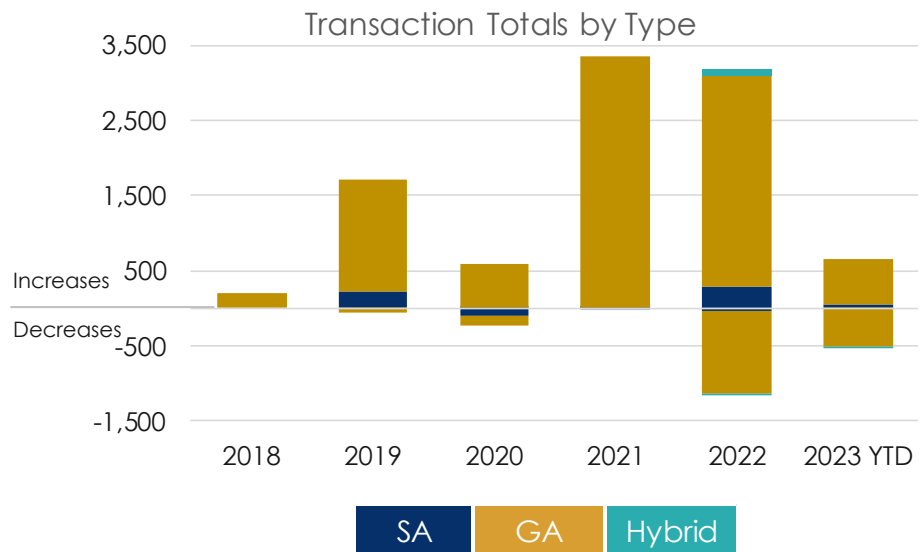
Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2023-Q4	0	0	1	27	1	27	0	0	1	-22	1	-22
1-Year	1	10	4	650	5	660	1	-55	3	-473	4	-528
3-Year	17	4,690	9	2,513	26	7,203	2	-815	7	-871	9	-1,686
5-Year	23	6,791	10	2,718	33	9,509	2	-815	10	-1,144	12	-1,959
SA												
2023-Q4	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	2	48	2	48	0	0	0	0	0	0
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
GA												
2023-Q4	0	0	1	27	1	27	0	0	0	0	0	0
1-Year	1	10	2	602	3	612	1	-55	2	-450	3	-505
3-Year	14	4,618	5	2,137	19	6,754	2	-815	3	-777	5	-1,592
5-Year	18	6,683	5	2,137	23	8,819	2	-815	5	-957	7	-1,772
HYBRID												
2023-Q4	0	0	0	0	0	0	0	0	1	-22	1	-22
1-Year	0	0	0	0	0	0	0	0	1	-22	1	-22
3-Year	0	0	1	82	1	82	0	0	2	-46	2	-46
5-Year	0	0	1	82	1	82	0	0	2	-46	2	-46

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

- New York Community Bcorp's GA increased by \$27 million, but corresponded with a \$22 million decrease to HY

Recent Notable Actions

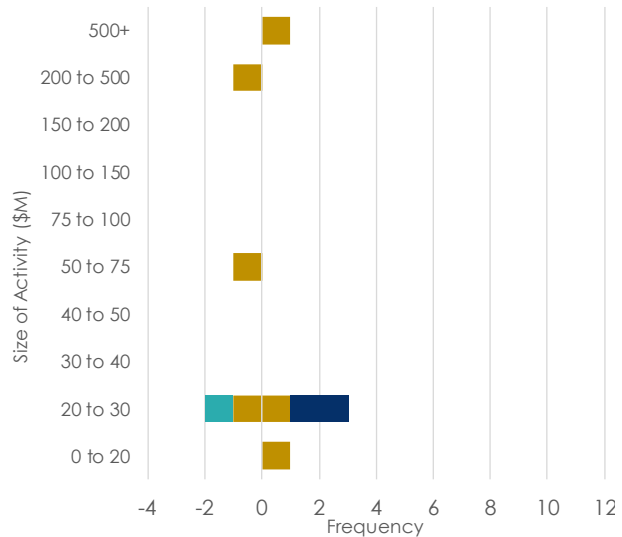
- In 2023-Q3, BMO's SA increased by \$23 million, but corresponded with an equal decrease to its GA
- In 2023-Q2, First Citizens' GA decreased by \$427 million following its acquisition of CIT
- In 2023-Q1, First Republic's GA increased by \$575 million, and SA increased by \$25 million
- In 2023-Q1 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-Q2, Northern Trust purchased \$500 million of GA
- In 2022-Q2, First Republic purchased \$668 million of GA

Frequency of BOLI Transaction Sizes

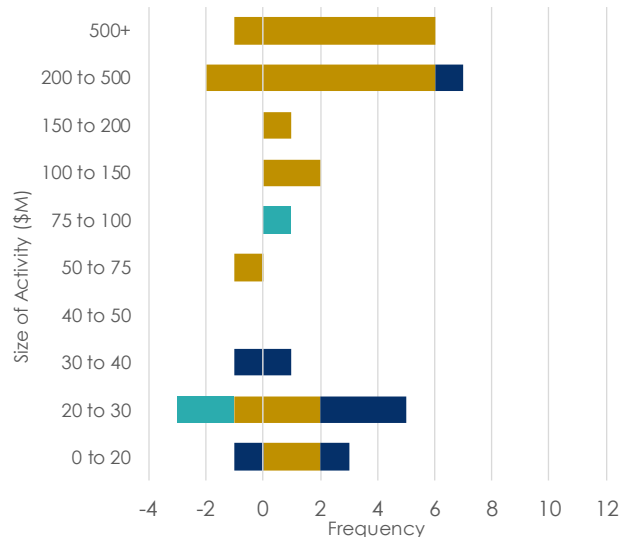
Banks with \$100B to \$1T in Total Assets

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

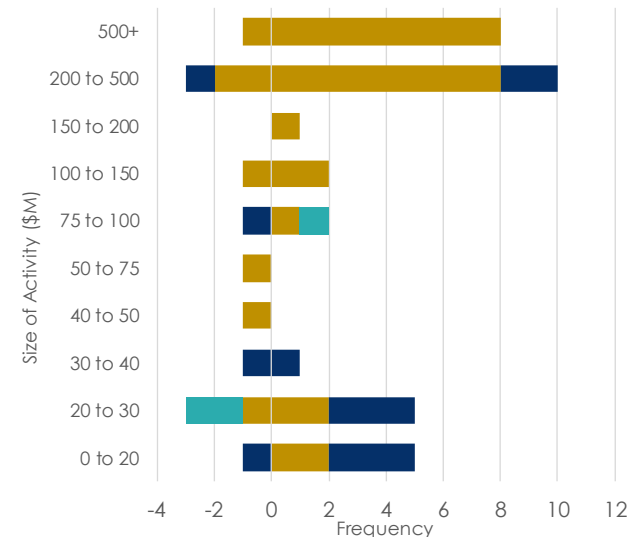
1-Year



3-Year



5-Year



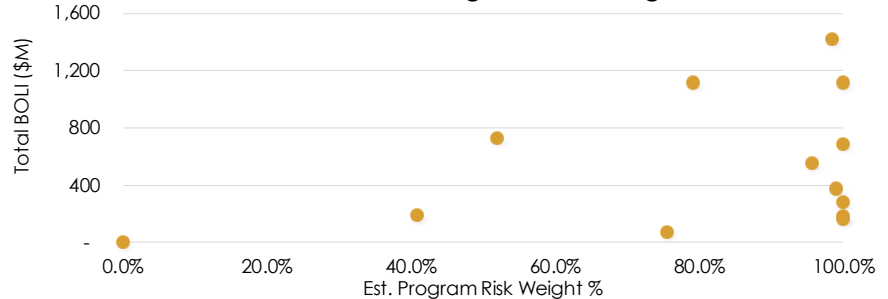
Market Analytics By Bank Size

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

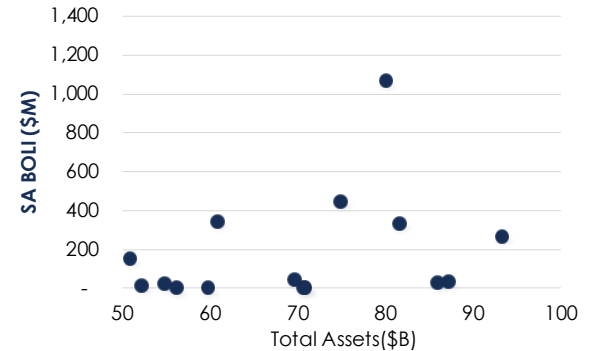
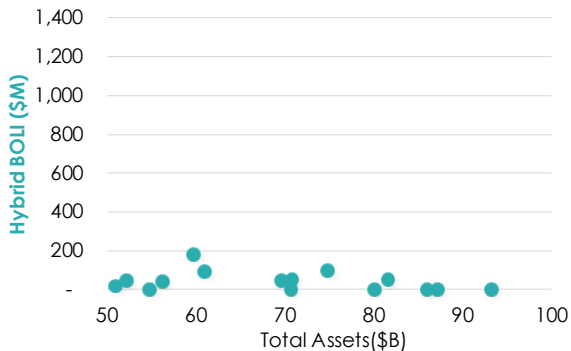
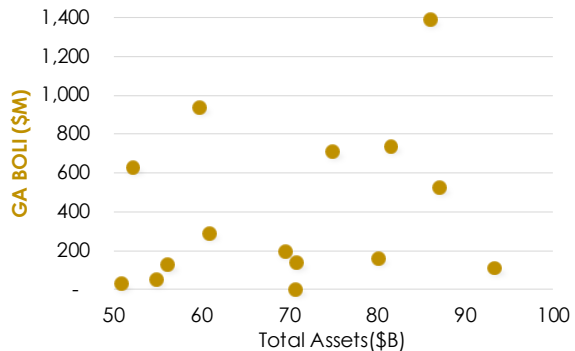
14 of 15 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	5,987	605	2,746	9,338	9%
Average	399	40	183	623	9%
Last Q # of Increases	1	-	1	2	
Increase Total (\$M)	28	-	22	50	
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

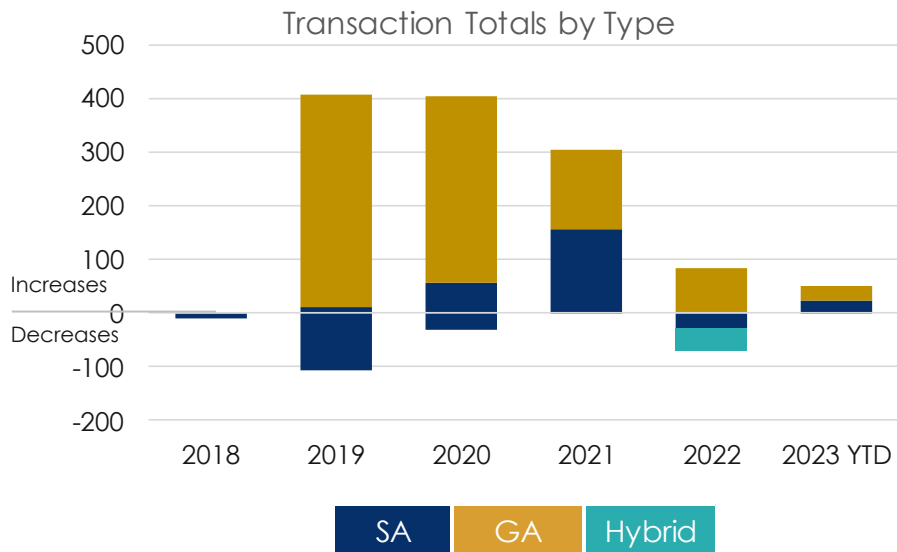
Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2023-Q4	1	28	1	22	2	50	0	0	0	0	0	0
1-Year	1	28	1	22	2	50	0	0	0	0	0	0
3-Year	2	178	10	261	12	439	0	0	3	-70	3	-70
5-Year	7	683	16	567	23	1,251	0	0	5	-205	5	-205
SA												
2023-Q4	0	0	1	22	1	22	0	0	0	0	0	0
1-Year	0	0	1	22	1	22	0	0	0	0	0	0
3-Year	0	0	6	177	6	177	0	0	1	-29	1	-29
5-Year	0	0	9	244	9	244	0	0	3	-164	3	-164
GA												
2023-Q4	1	28	0	0	1	28	0	0	0	0	0	0
1-Year	1	28	0	0	1	28	0	0	0	0	0	0
3-Year	2	178	4	84	6	262	0	0	0	0	0	0
5-Year	7	683	7	323	14	1,006	0	0	0	0	0	0
HYBRID												
2023-Q4	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	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



Current Quarter Activity

- Columbia Banking System purchased \$28 million of GA
- City National Bank's SA increased by \$22 million

Recent Notable Actions

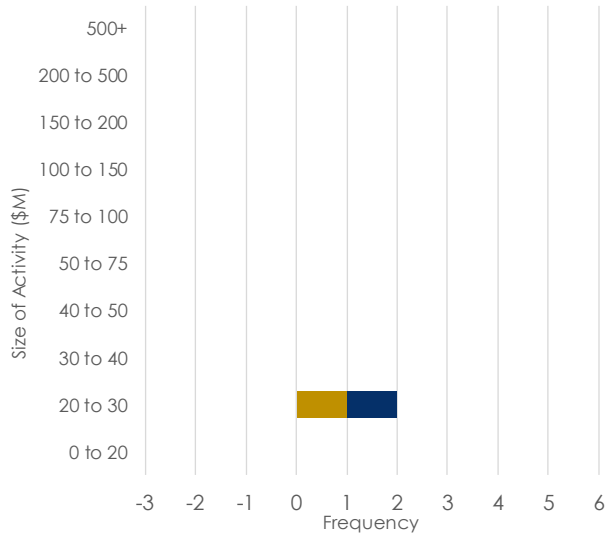
- In 2022-Q4, City National Bank's GA BOLI increased by \$14 million
- In 2022-Q4, Synovus Financial Corp's Hybrid BOLI decreased by \$10 million while its GA BOLI increased by \$10 million
- In 2022-Q3, NY Community Bancorp's GA and HY BOLI each increased by ~\$31 million
- In 2022-Q3, Wintrust Financial 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

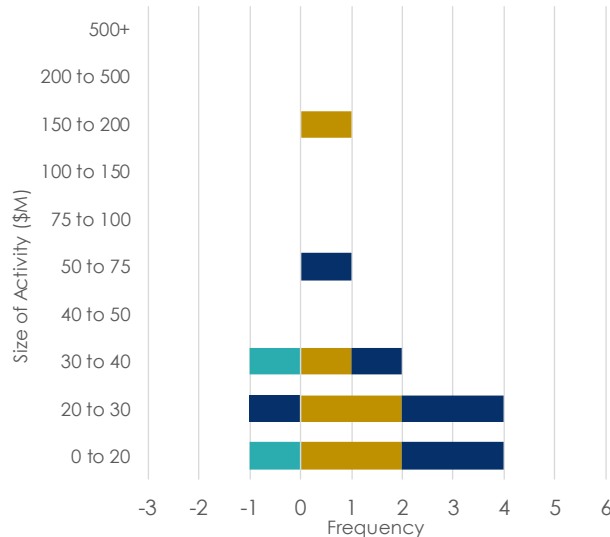
Banks with \$50B to \$100B in Total Assets

- Recent purchases have been fairly spread out in overall size

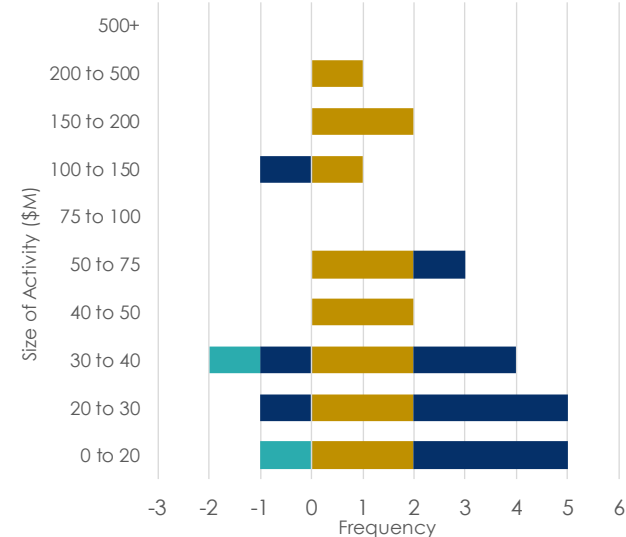
1-Year



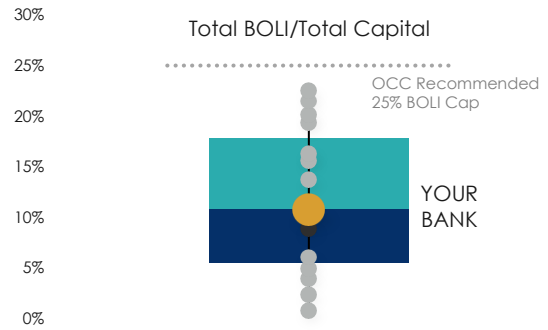
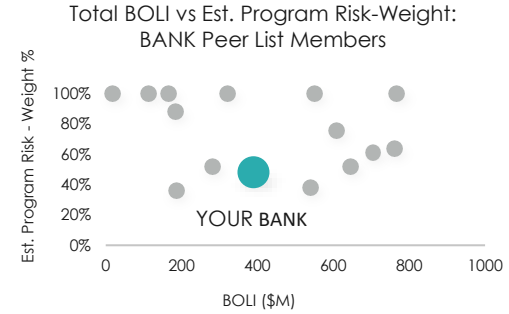
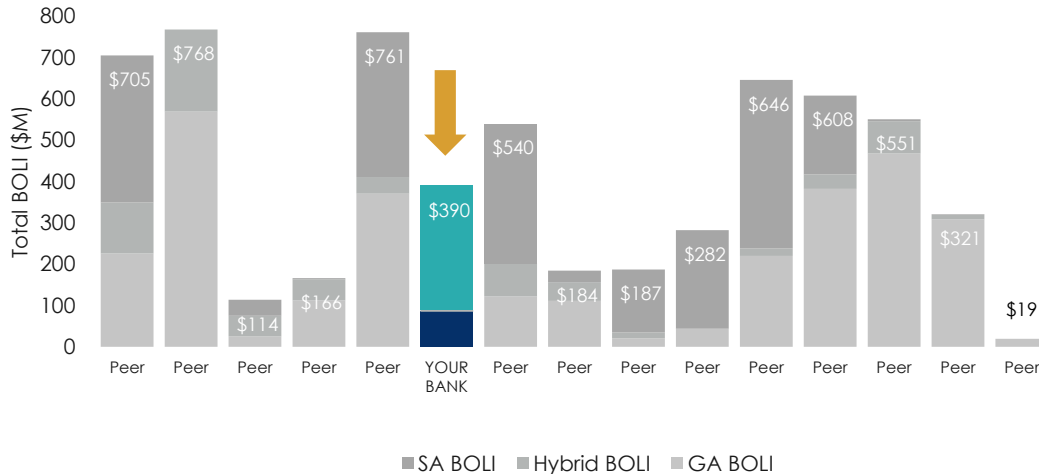
3-Year



5-Year



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



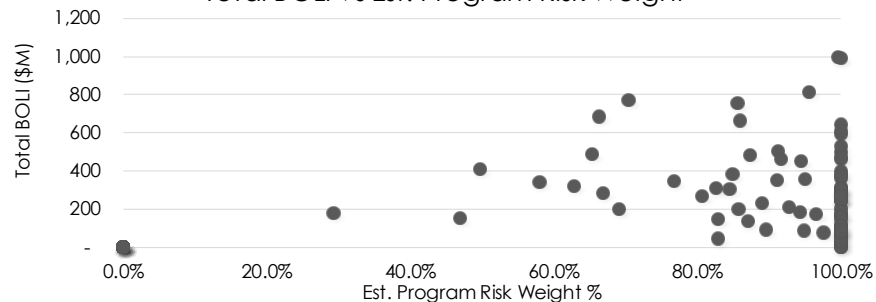
Market Analytics By Bank Size

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

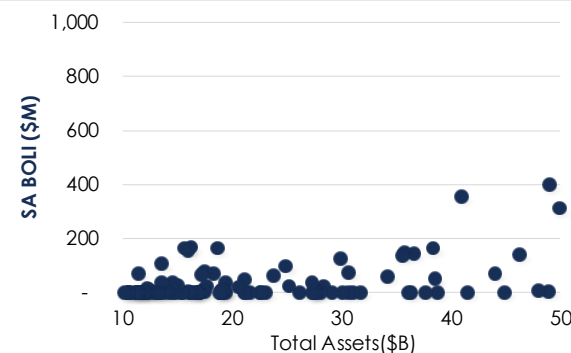
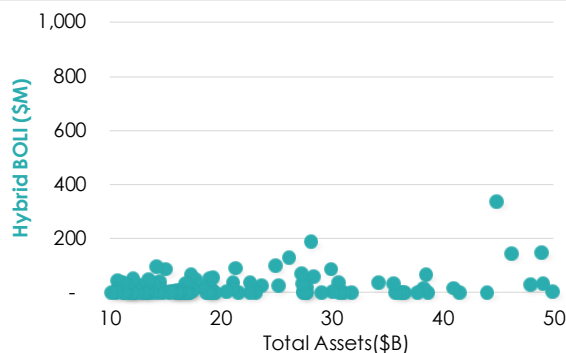
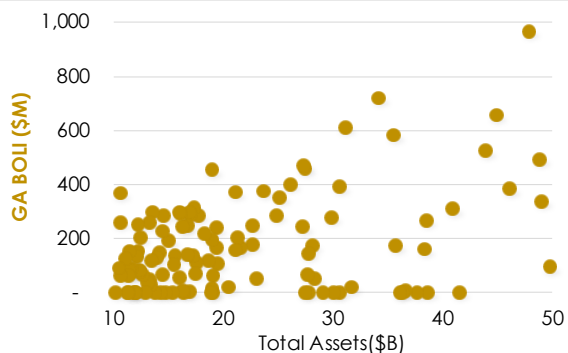
94 of 116 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	20,054	2,789	3,781	26,624	10%
Average	173	24	33	230	218%
Last Q # of Increases	6	-	1	7	
Increase Total (\$M)	306	-	64	370	
Last Q # of Decreases	2	2	3	7	
Decrease Total (\$M)	(119)	(35)	(98)	(251)	

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												
2023-Q4	2	202	5	168	7	370	3	-112	4	-140	7	-251
1-Year	2	202	15	338	17	540	4	-167	11	-266	15	-433
3-Year	40	2,486	43	1,683	83	4,168	5	-211	18	-385	23	-596
5-Year	49	2,964	56	2,269	105	5,234	9	-318	23	-547	32	-865
SA												
2023-Q4	0	0	1	64	1	64	1	-33	2	-65	3	-98
1-Year	0	0	3	86	3	86	1	-33	3	-81	4	-114
3-Year	0	0	4	110	4	110	2	-77	4	-111	6	-188
5-Year	0	0	4	110	4	110	4	-138	7	-225	11	-363
GA												
2023-Q4	2	202	4	104	6	306	1	-57	1	-62	2	-119
1-Year	2	202	10	219	12	421	2	-112	4	-113	6	-225
3-Year	39	2,386	36	1,514	75	3,899	2	-112	5	-128	7	-240
5-Year	48	2,864	49	2,100	97	4,964	3	-116	7	-176	10	-292
HYBRID												
2023-Q4	0	0	0	0	0	0	1	-22	1	-13	2	-35
1-Year	0	0	2	34	2	34	1	-22	4	-72	5	-94
3-Year	1	100	3	60	4	160	1	-22	9	-145	10	-167
5-Year	1	100	3	60	4	160	2	-64	9	-145	11	-209

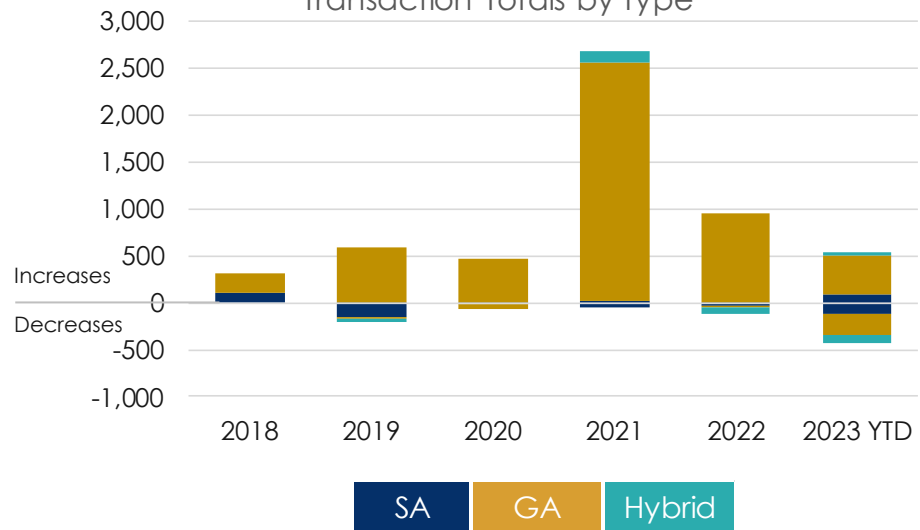
Listings of activity by institution are available upon request

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

- WDFS Financial Corp surrendered \$67 million of GA
- Ohio Farmer's Insurance Co's GA increased by \$20 million
- NexBank's SA decreased by \$14 million
- First American Financial Corp's GA increased by \$10 million
- Many banks had shifts in several BOLI types (millions):
 - ❖ Associated Banc-Corp: +\$55 GA and -\$51 SA
 - ❖ CVB Financial Corp: +\$82 GA and -33 of SA
 - ❖ Hawaiian Electric Industries: +\$64 SA and -\$62 GA
 - ❖ Pinnacle Finl Partners Inc: +\$120 GA and -\$22 HY
 - ❖ Southstate Corp: +\$19 GA and -\$13 HY

Recent Notable Actions

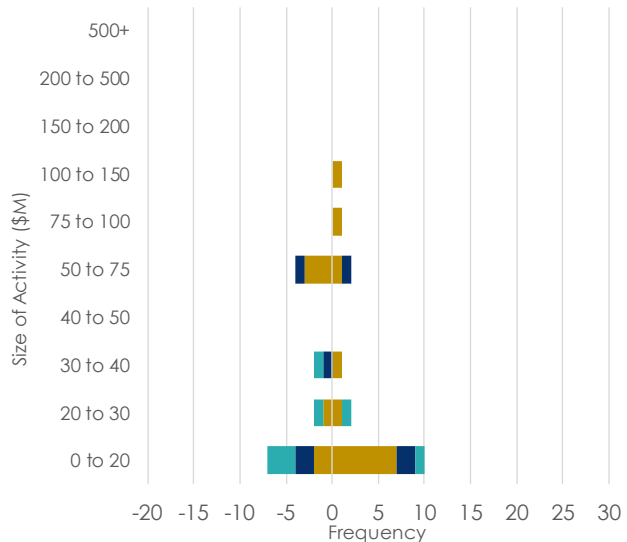
- In 2023-Q3, International Bancshares Corp's GA increased by \$30 million, but corresponded with an equal decrease in HY
- In 2023-Q3, Third FS&LA of Cleveland's HY increased by \$30 million, but corresponded with an equal decrease in GA
- In 2023-Q2 Customer Bancorp surrendered \$55 million of GA
- In 2022-Q2, Ameris purchased \$50 million of GA

Frequency of BOLI Transaction Sizes

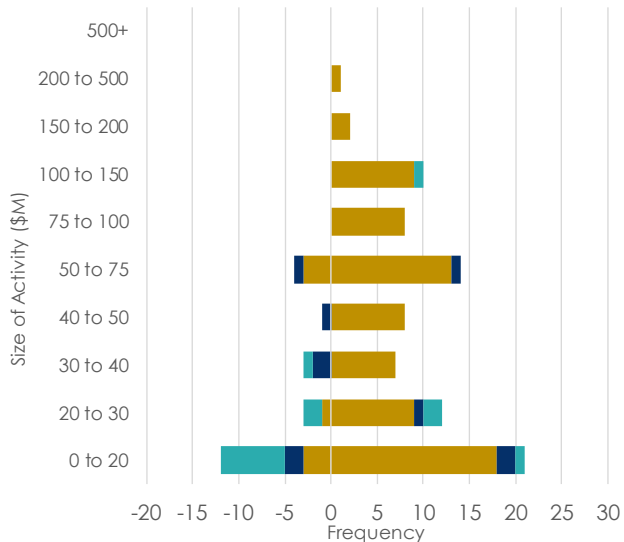
Banks with \$10B to \$50B in Total Assets

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

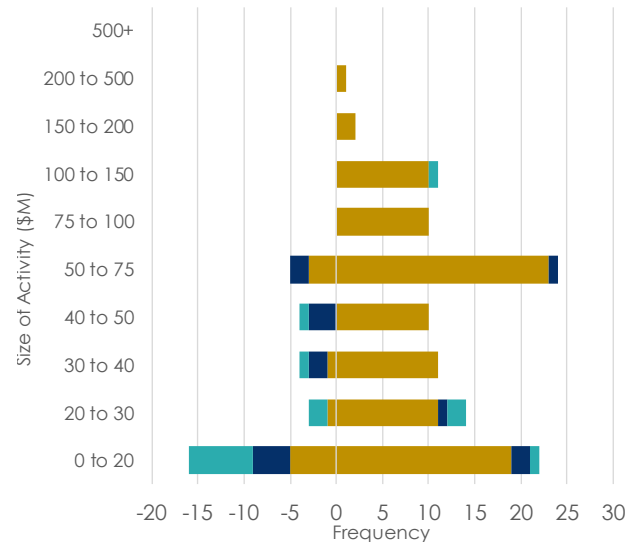
1-Year



3-Year



5-Year



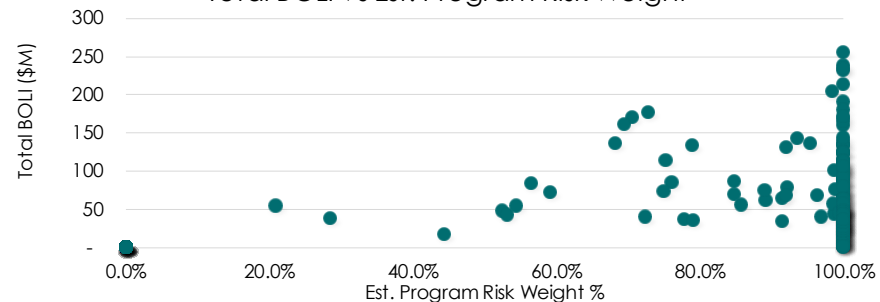
Market Analytics By Bank Size

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

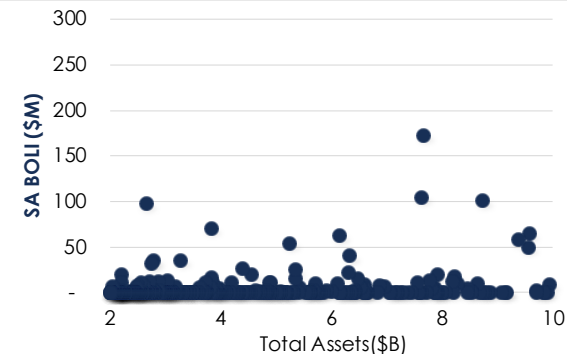
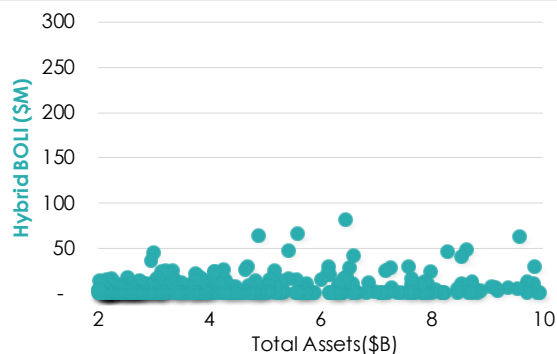
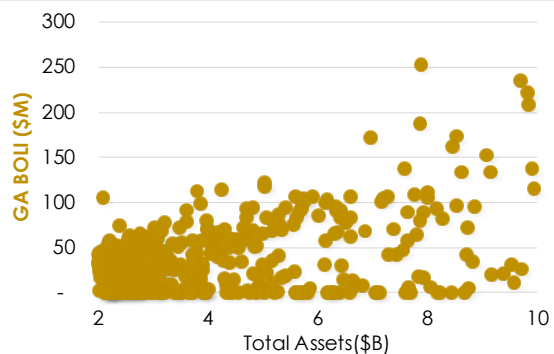
355 of 426 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	14,166	2,026	1,437	17,629	10%
Average	43	6	4	53	11%
Last Q # of Increases	6	-	4		
Increase Total (\$M)	106	-	108		
Last Q # of Decreases	5	2	1		
Decrease Total (\$M)	(171)	(65)	(16)		

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												
2023-Q4	2	92	8	122	10	214	5	-193	3	-58	8	-252
1-Year	3	141	15	261	18	401	6	-215	4	-70	10	-285
3-Year	57	1,247	83	1,627	140	2,874	9	-250	16	-337	25	-587
5-Year	76	1,692	105	2,031	181	3,723	9	-250	20	-475	29	-725
SA												
2023-Q4	1	62	3	46	4	108	0	0	1	-16	1	-16
1-Year	1	62	4	58	5	120	0	0	1	-16	1	-16
3-Year	3	97	9	234	12	331	1	-11	7	-167	8	-178
5-Year	4	157	10	250	14	407	1	-11	7	-167	8	-178
GA												
2023-Q4	1	30	5	76	6	106	4	-160	1	-12	5	-171
1-Year	2	79	11	203	13	282	5	-181	1	-12	6	-193
3-Year	53	1,135	69	1,324	122	2,459	6	-195	5	-75	11	-270
5-Year	71	1,520	90	1,712	161	3,232	6	-195	9	-213	15	-409
HYBRID												
2023-Q4	0	0	0	0	0	0	1	-34	1	-31	2	-65
1-Year	0	0	0	0	0	0	1	-34	2	-43	3	-77
3-Year	1	15	5	69	6	84	2	-44	4	-94	6	-138
5-Year	1	15	5	69	6	84	2	-44	4	-94	6	-138

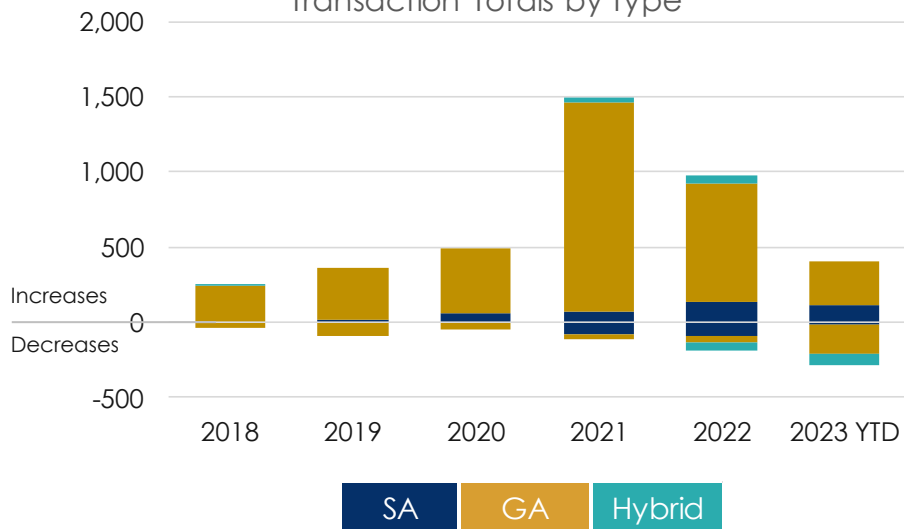
Listings of activity by institution are available upon request

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 (in millions)

- Arrow Financial's GA increased by \$11
- Avidbank surrendered \$21 of GA
- BankFirst Financial Services' SA increased by \$10
- Broadway Bancshares' GA increased by \$17
- Central Pacific's SA increased by \$14 while its GA decreased by \$12
- Citizens & Northern purchased \$30 of GA
- Coastal States' GA increased by \$15
- Farmers Bank & Trust's SA increased by \$23
- Financial Institutions surrendered \$43 of GA and purchased \$62 of SA
- Hometrust surrendered \$17 of GA
- Horizon surrendered \$78 of GA and \$34 of HY
- Kearny's HY decreased by \$31
- Linkbank's GA increased by \$24
- Premier Financial's GA increased by \$10
- Tompkins Financial's SA decreased by \$16

Recent Notable Actions (in millions)

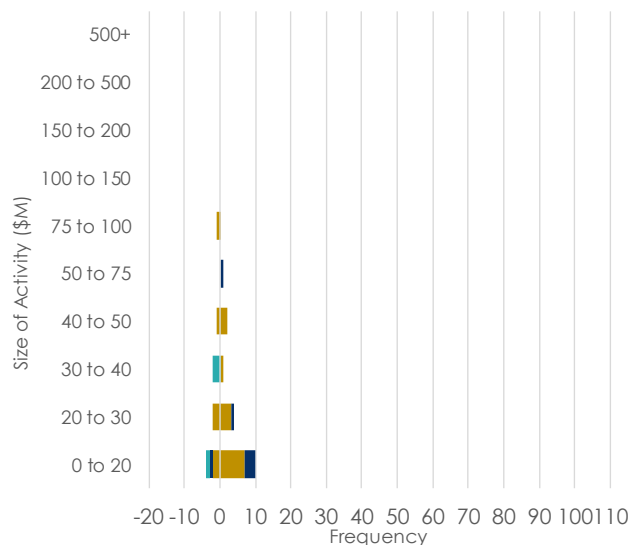
- In 2023-Q3, Midland States Bancorp purchased \$49 of GA
- In 2023-Q3, Banesco's GA increased by \$49
- In 2023-Q3, CTBC Bank Corp's GA increased by \$20

Frequency of BOLI Transaction Sizes

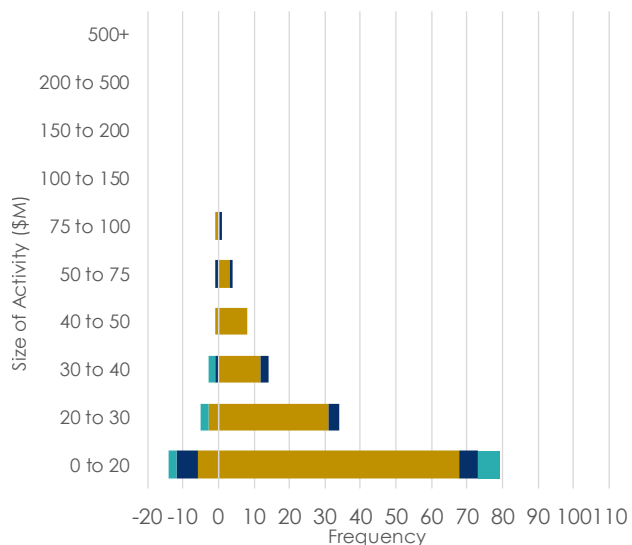
Banks with \$2B to \$10B in Total Assets

- 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 again in 2023

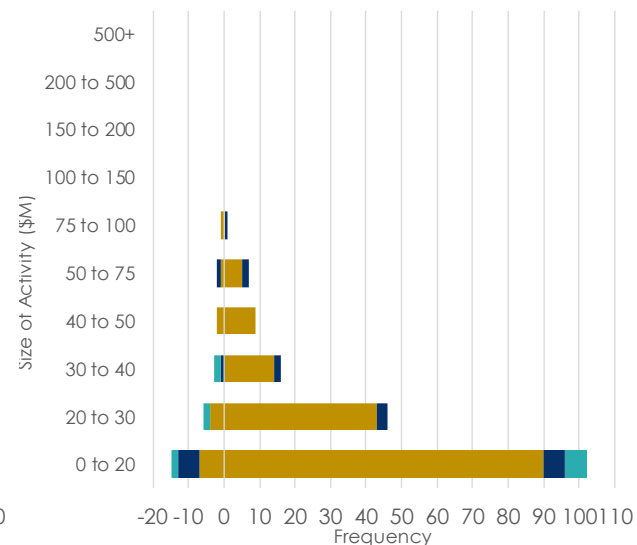
1-Year



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

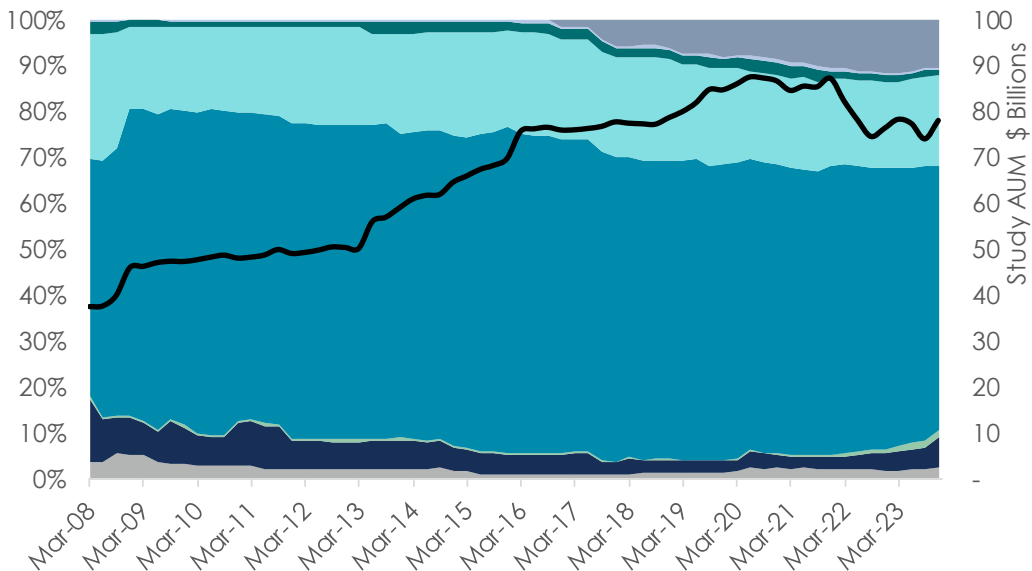
- Capital Efficient / Multi-Sector / Target RW
- High Yield
- Credit
- Core Fixed Income
- MBS / Securitized (ABS / CMBS)
- CLO / Bank Loan
- Short Duration
- Government

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

Currently comprises \$78 billion – a massive share of the industry

SA BOLI Industry Allocations

SA BOLI Allocations Over Time



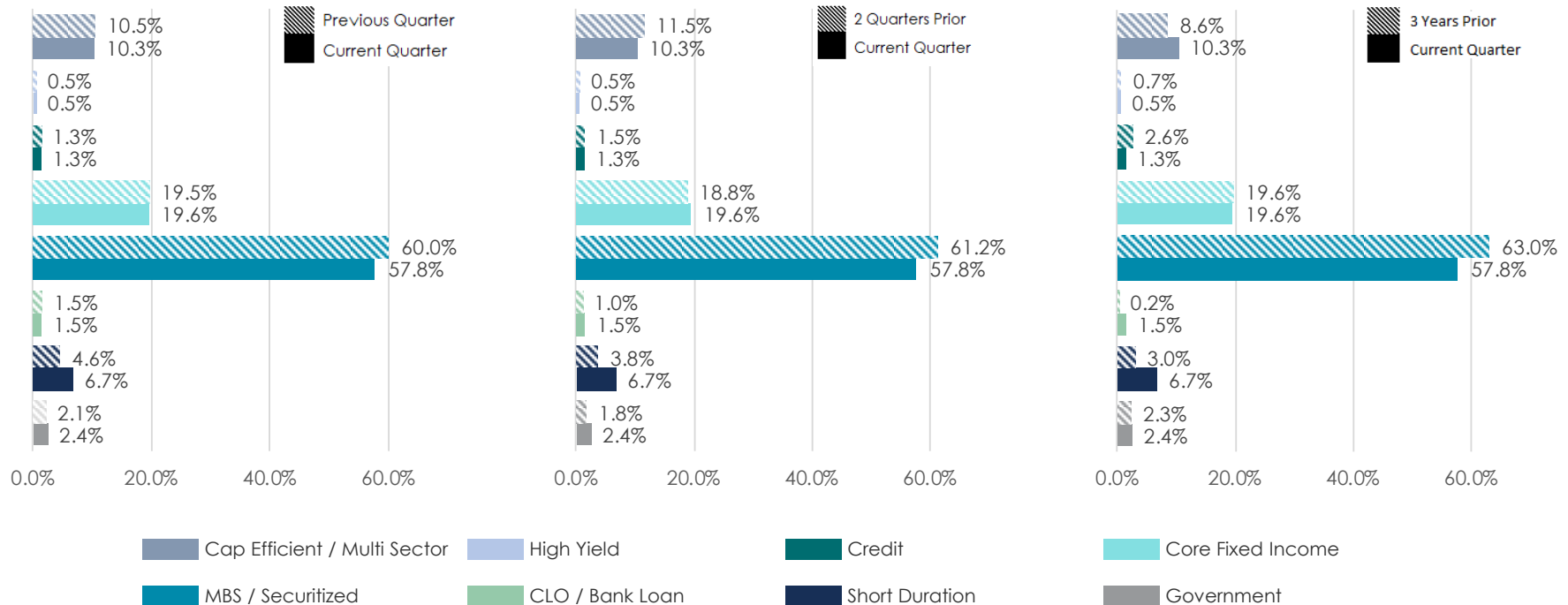
2023-Q4 Weights

Cap Efficient / Multi Sector	10.3%
High Yield	0.5%
Credit	1.3%
Core Fixed Income	19.6%
MBS / Securitized	57.8%
CLO / Bank Loan	1.5%
Short Duration	6.7%
Government	2.4%

— 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



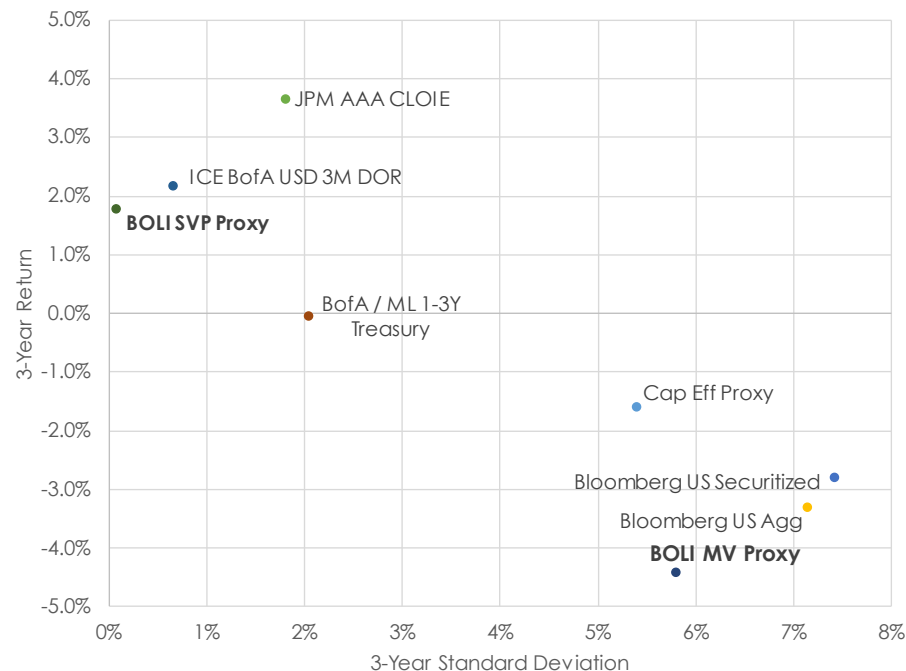
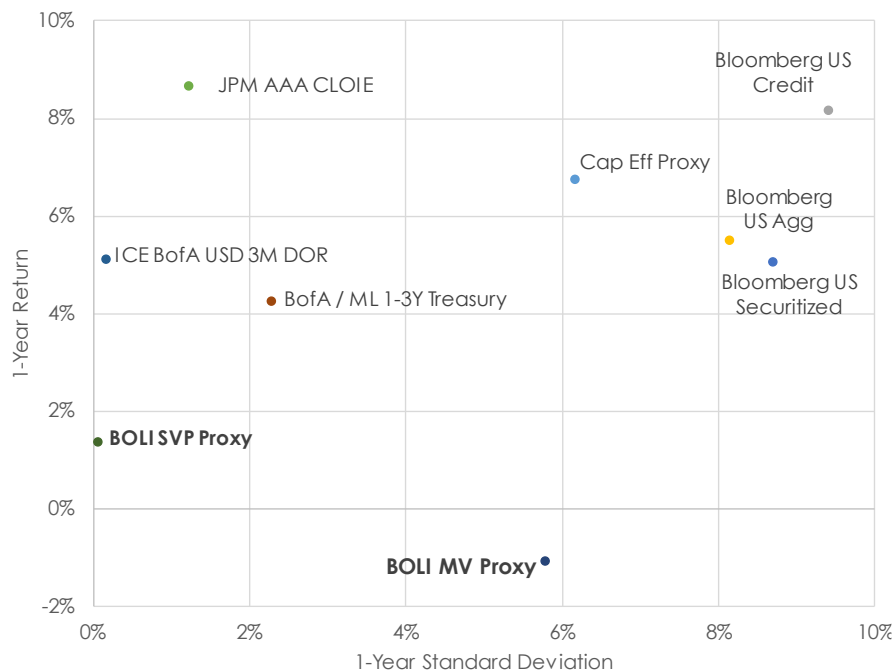
Investment Performance Proxy

Using common benchmarks for the categories, a proxy for the industry's SA Q4 MV performance is estimated at 6.52%

	Benchmark	Quarter	1-Year	3-Year	5-Year	Weights
Cap Efficient / Multi Sector	[Proxied by a sector blend]	5.87%	6.76%	-0.49%	2.33%	10.28%
High Yield	<i>Bloomberg High Yield</i>	6.99%	12.13%	1.16%	4.99%	0.49%
Credit	<i>Bloomberg US Credit</i>	8.15%	8.18%	-3.21%	2.45%	1.30%
Core Fixed Income	<i>Bloomberg US Agg</i>	6.82%	5.53%	-3.31%	1.10%	19.56%
MBS / Securitized	<i>Bloomberg US Securitized</i>	7.28%	5.08%	-2.80%	0.37%	57.79%
CLO / Bank Loan	<i>CLOE Index</i>	2.18%	8.67%	3.66%	3.61%	1.47%
Short Duration	<i>ICE BofA USD 3M DOR</i>	1.36%	5.14%	2.17%	2.03%	6.67%
Government	<i>BofA / ML 1-3Y Treasury</i>	2.49%	4.26%	-0.04%	1.29%	2.44%
Industry Proxy MV Performance using rolling weights:		6.52%	5.39%	-2.38%	0.91%	
Industry Proxy Stable Value Performance:		0.51%	1.88%	1.95%	2.18%	

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



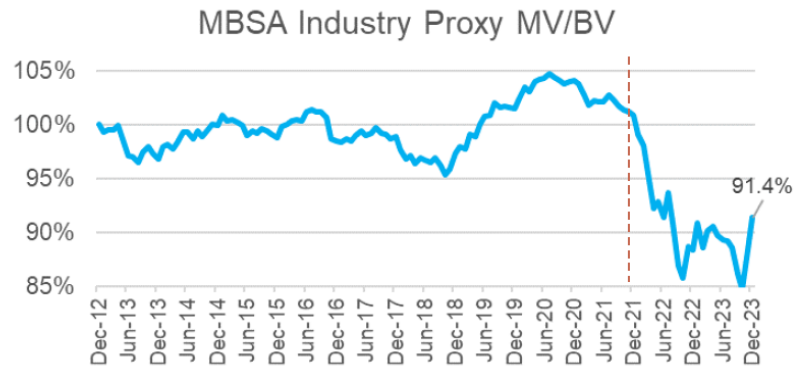
Data as of 2023-Q4

Industry MV/BV Ratio Developments

After decreasing in October, ratios increased sharply in November and December. Overall, ratios increased ~5.2% in Q4.

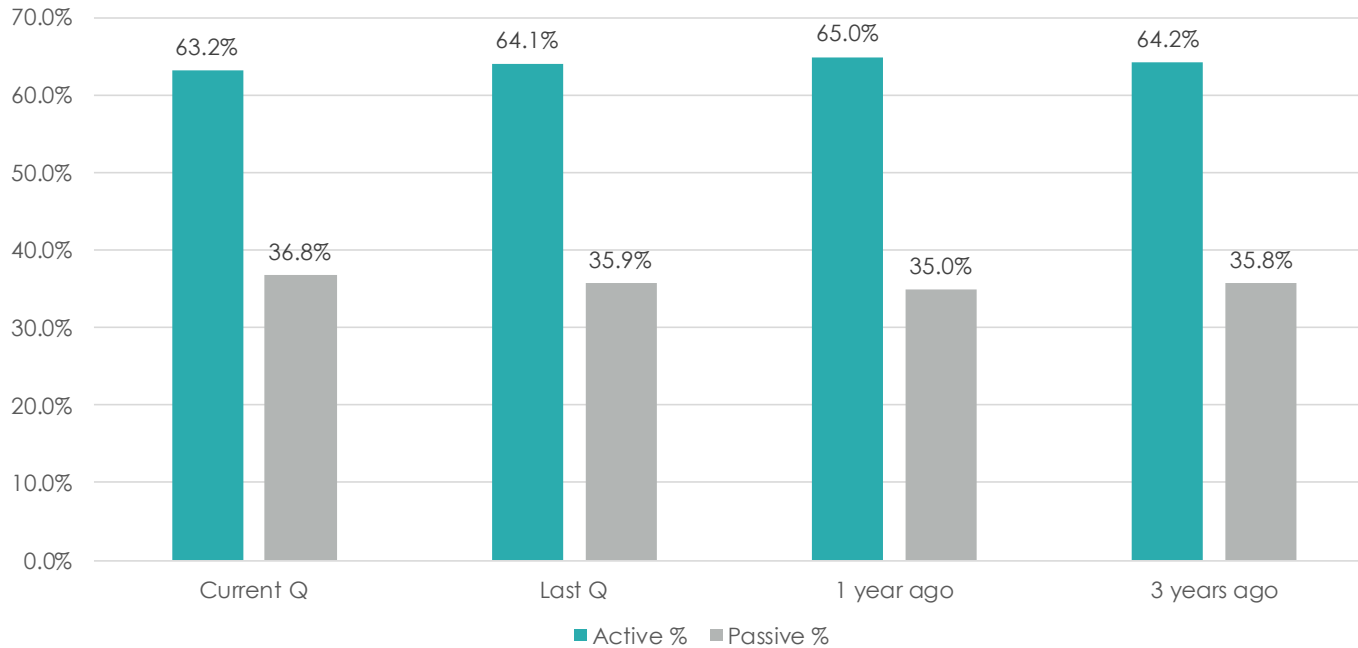
- MBSA began compiling market value and book value data to monitor the overall MV/BV ratios of BOLI allocations
 - ❖ As of Q4, the total MV in the carrier aggregate values was ~\$52 billion
- Additionally, using our proxy MV and BV performance monitoring from the prior pages, we calculate a proxy overall MV/BV ratio for the industry

	Carrier Aggregate MV/BV	MBSA Industry Proxy MV/BV
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%
12/31/2023	91.7%	91.4%



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

[No Judicial Topics Covered This Quarter]

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

Noteworthy Tax Developments

Senate Finance Committee Report on Private Placement Life Insurance (Feb)

- On February 21 Senate Finance Committee Chairman, Ron Wyden (OR) issued a [press release](#) and a Democratic Staff Investigation [report](#) detailing the findings of their investigation into the Private Placement Life Insurance (“PPLI”) marketplace. We covered his announced intentions to investigate this industry in our [August](#) and [September 2022](#) LRA Updates.
- The report characterizes PPLI as a tax shelter for the wealthiest Americans that is not available to middle-class families. Chairman Wyden directly expressed support for the continued tax preferences for “ordinary” life insurance and annuity products, noting:
 - ❖ Most Americans use life insurance to ensure that a mortgage is paid or that children can go to college if a primary breadwinner dies prematurely. Similarly, annuities provide longevity insurance so that American retirees can feel safe that they will have a steady stream of income even if they outlive all their other assets. The tax preferences afforded to life insurance and annuity contracts are provided to encourage the purchase of these products, and they do – as evidenced by the more than 90 million American families [who] own some type of life insurance or annuity. These tax preferences must be preserved so that ordinary Americans can protect themselves and their families. Ordinary life insurance and annuity policies used by most Americans have nothing to do with PPLI, an abusive investment product that is only available to the ultra-wealthy.

Continued...

Noteworthy Tax Developments

Senate Finance Committee Report on Private Placement Life Insurance (Feb) Continued

- However, the report encourages Congress to enact legislation that will “eliminate the use of PPLI to side-step U.S. tax laws” and notes that the Committee is working on a legislative proposal. The following principles were identified (among others) as priorities:
 - ❖ Legislation “must provide that PPLI ... will not be treated as life insurance ... under federal tax laws...” which would result in all earnings of such contracts being taxed currently;
 - ❖ Strong information reporting obligations would be enacted to ensure the IRS has the ability to identify abuses and seek to better enforce investor control rules; and
 - ❖ The legislation would be effective no later than the date of enactment and would apply to existing policies in addition to newly issued policies.
- While this report focuses solely on the high-net-worth PPLI market, we will continue to monitor for any legislative proposals, as they could inadvertently present issues for COLI/BOLI markets.

Noteworthy Accounting Developments

Midland States Bank BOLI Accounting Adjustment (Jan)

- In its fourth quarter [earnings release](#) (issued January 25), Midland States Bank disclosed a revision of its accounting related to the surrender and purchase of BOLI policies in the third quarter of 2023.
- In the third quarter, the bank had disclosed that it restructured BOLI and recognized losses on the sale of investment securities. In conjunction with the BOLI restructuring, the bank recorded a non-recurring “enhancement fee” of \$6.6 million in its non-interest income.
- In the fourth quarter earnings release, the bank announced that it reversed the recognition of the \$6.6 million enhancement fee. The earnings release did not provide a specific reason for the revision.
- Here is an excerpt from the bank’s 4th quarter press release:
 - ❖ The Company revised its accounting for the one-time enhancement fee related to the surrender and purchase of company-owned life insurance policies acquired in the third quarter of 2023. As a result, the \$6.6 million enhancement fee on the replacement policies that was previously recorded in income on company-owned life insurance in the third quarter of 2023 has been reversed. The revision did not have an impact on adjusted earnings (a non-GAAP financial measure) for that period. The Company reflected this revision in its September 30, 2023 quarter to date and December 31, 2023 year to date income on company-owned life insurance. Additionally, the revision impacts the company-owned life insurance asset for the applicable period.
- We reviewed the BOLI balances originally reported in the third quarter and confirmed that they were \$6.6 million greater than the restated Q3 values.

Noteworthy Accounting Developments

Kearny Bank BOLI Accounting Adjustment (Jan)

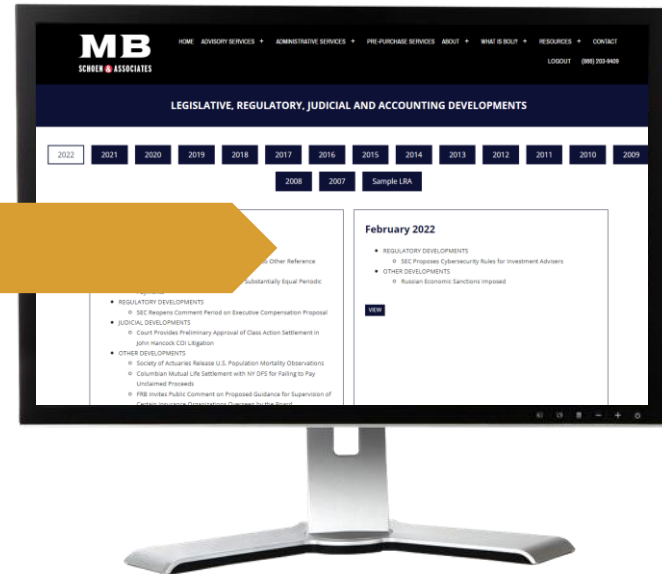
- On January 31 Kearny Bank released a [revision](#) to its fiscal Q2-2024 results which were originally issued a week earlier. The revision announced an adjustment to the timing of income recognition associated with a \$4.8 million non-recurring increase in cash surrender value (the “enhancement fee”) associated with restructuring its BOLI portfolio. The enhancement fee was originally recognized as non-interest income during the quarter.
- The revision included the following explanation:
 - ❖ During the quarter ended December 31, 2023, the Company recorded a \$4.8 million non-recurring increase in BOLI cash surrender value and recognized the enhancement fee within non-interest income. Subsequent to the issuance of the Original Earnings Release, the Company continued to evaluate the matter and determined it was necessary to revise its accounting for the enhancement fee and derecognize the enhancement fee and the increase in BOLI cash surrender value initially recorded in the financial statements as of and for the quarter ended December 31, 2023. As a result, the \$4.8 million enhancement fee will be recognized prospectively as non-interest income in future periods.
- The press release reiterated that Kearny initiated a restructuring of \$103.4 million of BOLI yielding 2.1% for new policies yielding 5.1%. As a result, the bank recognized \$5.7 million of tax expense and ~\$600k of exchange charges.
- From prior earnings releases, we are aware of a few other banks that reported similar BOLI restructuring transactions and enhancements to those of Midland States and Kearny. We will continue to monitor to see if additional revisions are announced and if more information becomes available regarding the reasons for the adjustments.

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LEGISLATIVE, REGULATORY, JUDICIAL,
AND ACCOUNTING DEVELOPMENTS



Noteworthy Regulatory Developments

Basel III Endgame Comment Submissions (Jan)

- The comment period for the proposed capital rules (commonly referred to as Basel III Endgame) concluded on January 16. Hundreds of comment letters were submitted with thousands of pages of views expressed. Comment letters can be reviewed at both the [FDIC and Regulations.gov](https://www.fdic.gov) websites. We have reviewed many of the comments to identify aspects that are relevant to BOLI programs.
- Bank Policy Institute (BPI) and American Bankers Association (ABA) trade groups submitted a 314-page joint letter commenting on various aspects of the proposal. We noted the following observations relevant to our readers:
 - ❖ The Full Look-Through Approach should not be required for Separate Account BOLI; use of the Alternative Modified Look-Through should remain permissible (PDF page 110);
 - ❖ The requirement that a fund's financial information be verified by a third party on a quarterly basis to use the Full Look-Through Approach should not be adopted (PDF page 111);
 - ❖ With respect to the Alternative Modified Look-Through approach, a bank should be able to calculate RWA amounts for derivatives and securitizations based on actual volumes of these exposures (PDF page 112);
 - ❖ BOLI/COLI Separate Accounts should not be "market risk covered positions" (PDF page 116);
 - ❖ Hedges related to deferred compensation plan obligations should be eligible for either "banking book" or "trading book" rules (PDF page 118); and
 - ❖ The comment letter also addressed views on the appropriateness of various risk weights and methodologies for underlying exposures

Continued...

Noteworthy Regulatory Developments

Basel III Endgame Comment Submissions (Jan) (Continued)

- SIFMA and ISDA trade groups submitted a 168-page [joint letter](#) commenting on various aspects of the proposal. With respect to BOLI-related topics, both observations were consistent with (or referenced in) the BPI and ABA letter
 - ❖ BOLI/COLI should be specifically excluded from market risk capital requirements (PDF page 71); and
 - ❖ Banking organizations should be permitted to treat equity positions arising from employee compensation plans and related hedges as market risk covered positions, thereby allowing a bank to treat both the position and the hedge as market risk covered positions to reflect a more risk-sensitive approach by allowing for appropriate recognition of the hedge under FRTB (PDF page 72)
- Finseca
 - ❖ Finseca submitted a [comment letter](#) focused on the treatment of mutual life insurance companies and BOLI exposures to such companies relative to publicly traded insurers. Of primary emphasis was to avoid a situation where a mutual insurer could be subjected to higher risk weights (e.g., 100% versus 65%) simply because it did not have publicly traded securities.
- Mutual Insurers
 - ❖ Guardian, MassMutual, Nationwide, New York Life, Northwestern, Securian, TruStage, and Western & Southern submitted a [joint comment letter](#) also advocating against a risk weight being affected by not having publicly traded securities. They recommended corporate exposures to all investment grade insurers receive a reduced risk weight that is no higher than 65%.

Continued...

Noteworthy Regulatory Developments

Basel III Endgame Comment Submissions (Jan) (Continued)

- Newport, a provider of insurance services relative to BOLI (including design, implementation, and administration), submitted an independent [comment letter](#). Newport's letter addressed the following topics:
 - ❖ Mutual insurers should not be subjected to (potentially) higher risk weights than publicly traded insurers;
 - ❖ Clarification on Separate Account BOLI Look-Through Approaches;
 - ❖ Risk-weighting of BOLI that hedges a Deferred Compensation Plan; and
 - ❖ Whether it might be appropriate to further reduce the risk weights for BOLI.
 - ❖ Regarding Separate Account BOLI Look-Through approaches, Newport is requesting clarification on if the proposal's revised rules for investment fund exposures will apply to BOLI Separate Account exposures. Assuming it applies, Newport requested that the prescribed "Hierarchy of Look-Through Approaches" not apply and that the Alternative Modified Look-Through approach remain available.
 - ❖ Regarding BOLI used to hedge a deferred compensation plan, Newport's commentary was broadly consistent with the trade associations in advocating for either the continuation of a "non-significant equity exposure" treatment or the ability to recognize the financial offset of the plan liabilities (i.e., risk weight the net asset exposure).
 - ❖ Finally, Newport suggested that General Account BOLI may merit lower risk weights (less than 100% under standardized and 65% under the proposed ERBA), and Separate Account BOLI should not be subject to a 20% floor (especially if a bank uses the Full Look-Through Approach)

Continued...

Noteworthy Regulatory Developments

Basel III Endgame Comment Submissions (Jan) (Continued)

- Capital One, PNC, Truist, and U.S. Bank submitted a 49-page [joint comment letter](#) addressing various topics under the proposal. Related to BOLI, the following observations were submitted:
 - ❖ Advocated against the elimination of the 100% risk weight for non-significant equity exposures, noting that certain benefit plans (including qualified and non-qualified plans) are overfunded and could become subjected to more punitive risk weights (PDF page 44);
 - ❖ Requested clarification that BOLI/COLI separate accounts would be exempt from being treated as market risk covered positions (PDF page 45); and
 - ❖ The proposed rule should not mandate the use of a Full Look-Through Approach for equity exposures to investment funds (over the Alternative Modified Look-Through Approach).
 - ❖ With respect to the Look-Through Approaches, the banks noted:
 - The full look-through approach, although undoubtedly more granular than the alternative modified look-through approach, is also more burdensome and time-consuming, particularly for investments in funds sponsored and managed by third parties. As the alternative modified look-through approach cannot produce RWAs that are lower than those produced under the full look-through approach, the Banks respectfully submit that there is no reason to obligate banking organizations to use the full look-through approach if they are willing to accept the trade-off of the less burdensome, but more conservative, alternative modified look-through approach
- New York Life
 - ❖ In addition to participating in the joint comment letter with other mutual insurers, New York Life submitted its own comment letter. It was also focused on the proposed requirement to have publicly issued securities to qualify for a 65% risk weight. New York Life provided data showing its credit ratings over time relative to other insurers (including stock-based insurers) and emphasizing its overall financial strength.
 - ❖ In addition to recommending removal of the distinction for publicly traded securities, New York Life suggested that the final rule should "...provide a healthy incentive for banks to select the strongest BOLI issuers in the marketplace."

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

Deferred Compensation Administration Data Breach (Feb)

- A data security breach has been reported relating to a deferred compensation administrator. A number of firms have filed notifications with states and have indicated that credit monitoring services will be offered to potentially affected individuals.
- According to the filed notices, on or around November 3, 2023, Infosys McCamish Systems LLC ("IMS") was impacted by a cybersecurity event when an unauthorized third party accessed IMS systems, resulting in the non-availability of certain IMS applications.
- The Attorney General's offices of Maine and California each maintain listings of data breach notifications that have been submitted.

Entity (Date of Notice)	California	Maine
Northwestern Mutual (2/16/2024)	notice	notice
Infosys McCamish Systems (2/2/2024)	notice	notice

- Note that the Northwestern notices referenced IMS as the actual source of the reported data breach.

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
- Minnesota Life Insurance Company
- Pacific Life Insurance Company
- Protective 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 February 15, 2024

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
- Minnesota 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
- Protective 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

Insurance Carriers Rated Ba1

- Augustar Life Insurance Company

*Categories based on Moody's Insurance Financial Strength Rating as of February 15, 2024

Ratings or Outlook Revisions

Prudential Financial Corporation

- Rating placed on negative watch by S&P (Dec)

[December – February were light months for actions]

NEED UP TO DATE COUNTERPARTY TRACKING?

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Industry Developments

Prudential Financial Corporation (Dec)

- Rating placed on negative watch by S&P. S&P placed several companies on a negative watch due to potential regulatory restrictions on payments from U.S. based operating insurance companies to nonoperating holdings companies. The life insurance operating entities were not placed on negative watch.

Lincoln Sale of Wealth Advisory Business (Jan)

- Lincoln [announced](#) the sale of its wealth management business to Osaic, Inc. on December 14, 2023. The sale is expected to close in the first half of 2024. The transaction is expected to provide approximately \$700 million of capital benefit to Lincoln upon closing.
- The rated agencies last commented on Lincoln National following a Q3 2022 actuarial charge that resulted in a one-time earnings impact of \$2.3 billion. S&P and Moody's downgraded Lincoln National Life Insurance Company's rating one notch following the announcement while Fitch placed the rating on negative outlook. The rating agencies have not made any ratings or outlook changes since the announcement with Osaic.

COUNTERPARTY TRACKING SYSTEM

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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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